

EXHIBIT B

The "DaVita Way Of" Book ✨



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Welcome

Welcome to **The DaVita Way Of** book! This is a guidebook to help you differentiate yourself by leading **The DaVita Way**.

In many organizations, culture is something that just happens, and if not attended to, your personal and professional leadership brand also becomes something that just “happens.”

At DaVita, we are very intentional about culture and leadership. Being a leader means you actually have two jobs!

1. Your job, whatever it is you were hired to do
2. Creating a special place, a Village, by differentiating yourself, your team, your Neighborhood, by living **The DaVita Way**

Creating and sustaining our culture, and building the Village, are not just nice things to do; they are essential requirements for each of us. And it won't happen automatically. It's the very thing that can make us special. **The DaVita Way** is the name we give our culture, and it takes each one of us to create it, every day.

We've prepared this guide to help you be an intentional leader here in the Village. By being more aware of your beliefs, and our collective beliefs, it will drive your behaviors which we know will give you better results – in everything you do!

If you have any questions about any of the guidelines, symbols, traditions or models in this book, please reach out to a member of the Wisdom team or visit DaVitaWay.com. After all, “One for All and All for One” is more than just a slogan, and we're all in this together! We're here to help you become the best leader you can be.

One for All!

DaVita University



Section 1: Our Foundations and Principles

Our Mission

To be the Provider, Partner and Employer of Choice

Our Core Values

Service Excellence

Serving others—our reason for existing. We continually seek to understand the needs of all of those who depend on us (our patients, doctors and teammates) and then to exceed their expectations.

Integrity

We say what we believe and we do what we say. We are trusted because we are trustworthy. In our personal, team and organizational values, we strive for alignment in what we say and do.

Team

One for All and All for One! We work together sharing a common purpose, a common culture and common goals. We genuinely care for and support not only those to whom we provide care, but those with whom we work shoulder to shoulder. We work together to pursue achieving our Mission.

Continuous Improvement

We never stand still; we are never satisfied. Individually and as teams, we constantly look at what we do and ask, “How can we do this better?” Then we use a systematic approach to take action.

Accountability

We don’t say “It’s not my fault” or “It’s not my job.” We take responsibility for meeting our commitments—our personal ones as well as those of the entire organization. We take ownership of the results.



Fulfillment

We make a difference. We feel rewarded—personally and as a team—because what we do in our jobs is consistent with our goals and dreams. We believe “You must be the change you wish to see in the world” (Mahatma Gandhi). And when you are the change, that’s fulfilling!

Fun

We enjoy what we do. We know health care is hard work, but even hard work can be fun. We take our jobs seriously, but we feel a fun environment delivers better care to our patients while creating a better work environment for our teammates. We strive for excellence and we have fun.

GSD

GSD, or getting stuff done, is sometimes called our "unspoken" Core Value because it's not officially listed but still very important. We define GSD as getting the right stuff done, and a lot of it.

WE CARE: Our Caring Behaviors

Part of our definition of The DaVita Way is that we care for each other with the same intensity with which we care for our patients.

In 2018, for the first time in our history, teammates defined what we mean by "caring with intensity" by choosing six behaviors that demonstrate genuine care. If we do these things intentionally and consistently, we're caring with intensity.

As caregivers, we should exhibit the following caring behaviors in every patient interaction.

WELCOME

Acknowledge our patients by name, and greet them with a warm, friendly smile.

EMPATHIZE

Sense, share in, and express care for the feelings of our patients.

CONNECT

Learn about, remember and celebrate what personally matters to our patients; find common ground.

ACTIVELY LISTEN

Give full attention to what our patients are sharing and reiterate to confirm understanding.

RESPECT

Acknowledge and honor the feelings, wishes, rights and traditions of our patients.

ENCOURAGE

Cheer on and give support, confidence and hope to our patients.

How should Atlas teammates think about WE CARE?

Every teammate has an impact on the interactions between caregivers and patients. Think about ways in which what you do every day affects our caregivers' ability to live WE CARE in every interaction with our patients.



Beliefs > Behaviors > Results

When DaVita first embarked on the journey of building the Greatest Dialysis Company the World Has Ever Seen, we benchmarked many organizations that were known for their service excellence. What we found was surprising. These organizations didn't have customer service training programs. They instead had a "way of doing things." Disney, Ritz-Carlton, Southwest Airlines, Griffin Hospital... they all started with core beliefs, collective beliefs.

These collective beliefs about who they were and what they were all about then drove a consistently-practiced set of behaviors, which led to their results.

They didn't need a customer service program. Their culture was intentional, and their culture then served to drive everything that they did.

The DaVita Way

Many companies have cultures and ways of doing things. For example, when you visit a Disney property, they have a specific look, language and actions. When you fly on Southwest Airlines, you know that you're on a Southwest plane or at a Southwest gate; there's a familiar look and feel, and they have a very specific way of doing things. It's the same with Ritz-Carlton and other organizations I'm sure you can think of. These companies have a very specific and intentional culture.



In the Village, we have a way of doing things. It's called The DaVita Way. It's the way we define our culture. The name of our culture is... The DaVita Way.

The DaVita Way means that we dedicate our Head, Heart and Hands to pursue the Mission, live the Values, and build a healthy Village.

It means we care for each other with the same intensity with which we care for our patients.



Head, Heart and Hands

HEAD-

Believes/Committed

- 1) Mission & Values
- 2) Village
- 3) Greatest Health Care Community the World Has Ever Seen



HEART-

Cares (passionately)

- 1) Patients
- 2) Teammates
- 3) Proud of the Village and her/his facility/office



HANDS-

Acts

- 1) Lives out the Mission & Values
- 2) Acts on what she/he cares about
- 3) Plays "all out"
- 4) Gets Stuff Done



The Musketeer Quiz

One way that we've found to help you take a look at some of the beliefs and behaviors in The DaVita Way is to take the Musketeer Quiz.

IMPORTANT: This quiz is NOT meant to be all-inclusive, or a checklist that you can complete and say, "Now I'm living The DaVita Way." No, this is about dialogue; this is about reflection on the types of beliefs and behaviors that make up The DaVita Way, and allowing you to look at your alignment. If you use this activity in a team, it's a great way to get dialogue going about what The DaVita Way is, how it feels, and where your own personal beliefs and behaviors align.

Again, this is NOT a checklist. Use this as a dialogue tool, a way to self-discovery.

How well am I really doing at living The DaVita Way? Answer each question below (yes or no) as honestly as you possibly can.

- ___ 1) When I see a problem, I typically offer solutions rather than just simply complain.
- ___ 2) I can tell at least one story about a person who has been touched by the DaVita Village Network.
- ___ 3) I have lived our Core Value of Continuous Improvement by implementing a new idea or process in the past six months.
- ___ 4) I have worked on a Wall of Fame in the past 12 months.
- ___ 5) I have talked to at least three people about the Village in the past month (NOT including DaVita teammates, patients or physicians).
- ___ 6) I do what I say I will do.
- ___ 7) I have a Personal Credo, and I've shared it with my family and/or team.
- ___ 8) I consider myself a citizen so I have contributed to Tour DaVita, Bridge of Life, DaPAC or other causes.
- ___ 9) I have hugged at least one teammate in the past day.
- ___ 10) I encourage the DaVita "look and feel" in my team's work area.
- ___ 11) I have started a conversation, interaction, or built a relationship with someone in the past two days, not to get something back, but "just because."
- ___ 12) I have shown someone that I care about them as a person within the past two days.
- ___ 13) In the past three days, I smiled and said hello to someone I did not know—a teammate, patient, doctor or other person.
- ___ 14) I can explain what we mean by "One for All and All for One."
- ___ 15) This week I thanked someone for their contribution, or let them know I appreciate them for who they are or what they did, and why.
- ___ 16) I exceeded someone's expectations this week.
- ___ 17) I read the DaVita Daily News last week.
- ___ 18) I am a One for All Ambassador, or I have (or could) teach the One for All program to a new teammate.
- ___ 19) I can sing "On DaVita" word for word.
- ___ 20) I have talked to at least three people about our Mission and Core Values in the past month.
- ___ 21) I did something healthy for myself at least three days in the past week (exercised, meditated, ate healthy foods, spent quality time with someone I really care about, etc.).
- ___ 22) I have participated in a Homeroom Meeting in the past three days.
- ___ 23) I have led a Homeroom Meeting in the past month.

- ___ 24) I have done something to improve myself as a leader in the past six months (personal, community, DaVita or otherwise, NOT counting Villagewide or other mandatory meeting).
- ___ 25) I have either attended Academy or red-shirted at Academy in the past five years.
- ___ 26) I have done something measurable this week that helped make my work environment a "special place."
- ___ 27) I have participated in a Village Service Day, Bridge of Life mission, served as a Red Shirt (for Academy or other event) or some other big Village event that wasn't required.
- ___ 28) I can recite the DaVita Mission and Core Values without looking at them and explain each one of them.
- ___ 29) When I'm upset about something with someone, I go directly to that person to talk it out, and do not engage in gossip with others.
- ___ 30) I can recite The DaVita Way and explain what we mean by "Head, Heart and Hands."
- ___ 31) I have taken action this week that will move us toward our Vision To Build the Greatest Health Care Community the World Has Ever Seen!
- ___ 32) I have physically crossed a DaVita Bridge at an Academy, at one of the Neighborhood offices, or at a Nationwide or Villagewide meeting.
- ___ 33) I can answer the questions: "What is this company? Whose company is it? And what could it be?" and can explain what each means.
- ___ 34) I have done something measurable this week to make my work environment more fun and fulfilling.

Now, add up all your YES and NO answers and enter the results below.

___ Yes answers

___ No answers

Your Musketeer Score is your number of Yes answers!

Here's what your score seems to be saying:

- 32 to 34: You probably sleep with your hat and sword, don't you? You live and breathe The DaVita Way! Remember that you're a role model for what we stand for... Go send forth ripples and help others!
- 29 to 31: You are a Shining Star! I'll bet you've crossed the Bridge! Now, "Go for broke!"
- 25 to 28: You're beginning to look like a true citizen of the Village! What else can you be doing?
- 22 to 24: Keep up the good work. You look like you understand what the Village is all about!
- 18 to 21: Make a plan on how you can live the Mission and Core Values and embrace the Village in an even bigger way; find concrete ways to show you care for both patients and teammates.
- 17 or below: Come to another Academy! Put your Head, Heart, and Hands into what you're doing! Talk to some of your teammates who "live" The DaVita Way! We need you!

Our Guiding Principles

These are quotations that KT first used at our first Directors' Meeting at the Crowne Plaza, Redondo Beach, in March of 2001. In addition to the Mission, they captured the essence of what we wanted to do and who we wanted to be in those early months, even before the Core Values were chosen.

KT, as well as several other leaders, repeated them relentlessly for the first several years. You will still hear them talked about at every Academy, and see them on the walls of Casa del Mundo and other Neighborhood offices.

“This is not a dress rehearsal, this is your life.”

—Unknown

“Begin with the end in mind.”

—Stephen Covey

“Speak with your life... not just your words.”

—Thich Nhat Hanh



The Modupe Story: The Village

(Community First, Company Second)

© “Credibility” by Jim Kouzes and Barry Posner

In the book, “Credibility,” authors Jim Kouzes and Barry Posner refer to the importance of shared values in any organization, using the story of Modupe and a village in Nigeria to illustrate what they mean by a “village.” Enjoy this story, and see if you recognize the connections with The DaVita Way.

Once there was a village in Nigeria, West Africa, where the people made their living by farming. The village lay in a large green valley that was lined with palm trees and bushes. Surrounding the village were fields dotted with crops of yams, cassava, corn and other vegetables. Just beyond the fields was a deep river that the villagers called Baba, which means father. The river was a friend and a provider for the people; the men used it for fishing, the women washed clothes on its banks, and the children played in its waters. But in the rainy season, the river overflowed, and the people were fearful of its power. So, at a place where the river wound beyond the fields, they built a strong dam to hold back the water.

There was a man in the village named Modupe, which means “I am grateful.” Modupe was a shy, quiet man whose wife had died and whose children were all married, so he had moved to the top of the mountain overlooking the valley and lived alone. There he had built a small hut and cleared a small piece of land to grow his vegetables. The people did not see Modupe often, but they loved and respected him because he had the gift of healing the sick and because he was one of them.

One year at harvest time, there were unusually heavy rains, but the crops had done well and there was much to do. No one paid it any mind. As Modupe stood by his house on the mountain, he noticed that the river had become swollen from the rains and was straining the dam. He knew that by the time he could run down to the village to warn the people of the flood, it would be too late and all would be lost. As Modupe watched, the wall of the dam began to break, and water started to seep through.

Modupe thought of his friends in the village. Their crops, their homes, and their very lives were in danger if he did not find a way to warn them. Then

an idea came to him: he rushed to his small hut and set it afire. When the people of the valley saw Modupe’s house burning, they said, “Our friend is in trouble. Let’s sound the alarm and go up to help him.” Then, according to custom, men, women and children ran up the mountain to see what they could do. When they reached the top of the hill, they did not have time to ask what had happened – a loud crashing noise behind them made them turn around and look down into the valley. Their houses, their temple, and their crops were being destroyed by the river, which had broken the dam and was flooding the valley.

The people began to cry and moan at their loss, but Modupe comforted them. “Don’t worry,” he said. “My crops are still here. We can share them while we build a new village.” Then all the people began to sing and give thanks because they realized that in coming to help a friend, they had saved themselves.

Mission/Values Report Card

 Our Mission To be the Provider, Partner and Employer of Choice Our Core Values Service Excellence Integrity Team Continuous Improvement Accountability Fulfillment Fun The DaVita Way  The DaVita Way means that we dedicate our Head, Heart and Hands to pursue the Mission, live the Values, and build a healthy Village. It means we care for each other with the same intensity with which we care for our patients. WE CARE Welcome Empathize Connect Actively listen Respect Encourage  <small>©2018 DaVita Inc. 8761-WISD-Academy M&V Report Card</small>	 School of Leadership Report Card for Year: Name:
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Mission/Values Report Card

SUBJECT	ME	TEAM	COMMENTS/GOALS
Vision: To Build The Greatest Health Care Community The World Has Ever Seen			
Mission: Provider of Choice			
Mission: Partner of Choice			
Mission: Employer of Choice			
Value: Service Excellence Serving others: our reason for existing. We continually seek to understand the needs of those who depend on us (our patients, doctors and our fellow team members) and then to exceed their expectations.			
Value: Integrity We say what we believe and we do what we say. We are trusted because we are trustworthy. In our personal, team and organizational values, we strive for alignment in what we say and do.			
Value: Team One for All and All for One! We work together sharing a common purpose, a common culture and common goals. We genuinely care for and support not only those to whom we provide care, but those with whom we work shoulder-to-shoulder. We work together to pursue achieving our Mission.			
Value: Continuous Improvement We never stand still; we are never satisfied. Individually and as teams, we constantly look at what we do and ask, "How can we do this better?" Then we use a systematic approach to take action.			
Value: Accountability We don't say "It's not my fault" or "It's not my job." We take responsibility for meeting our commitments - our personal ones as well as those of the entire organization. We take ownership of the results.			
Value: Fulfillment We make a difference. We feel rewarded, personally and as a team, because what we do in our jobs is consistent with our goals and dreams. We believe "You must be the change you wish to see in the world" (M. Gandhi). And when you are the change, that's fulfilling!			
Value: Fun We enjoy what we do. We know healthcare is hard work, but even hard work can be fun. We take our jobs seriously, but we feel a fun environment delivers better care to our patients while creating a better work environment for our teammates. We strive for excellence and we have fun.			
Living The DaVita Way: The DaVita Way means that we dedicate our Head, Heart and Hands to pursue the Mission, live the Values, and build a healthy Village. It means we care for each other with the same intensity with which we care for our patients.			
Achieving Life Alignment & Balance Goal(s)			

Instructions for Using the Mission/Values Report Card

Leading Through Mission and Values

The DaVita Way, our Mission and Core Values are foundational to our behaviors, decisions and actions. Our goal is for you, as leaders, to use our Mission and Values as a foundation for all decisions and actions. It's important that we are intentional in staying aligned, and it's up to us to keep our Village and The DaVita Way alive!

Leading Through our Mission and Values Requires Intentionality

- Communicate their importance.
- Move to/Translate to action.
- Model the Mission and Values.
- Honor living the Mission and Values.

Mission and Values Report Card Process

- Set aside time for a 60 to 75-minute meeting.
- The content is heavily grounded in discussion, so be prepared with personal stories/examples prior to the session.
- Define our Mission and Values and provide concrete examples; gaps are OK.
- The Mission and Values Report Card exercise is a discussion process.
- The key takeaway is for teammates to identify strengths and opportunities within your own team.

Mission and Values Discussion

Facilitate group discussion around these two questions. Be prepared to share your personal definition as well as examples.

- How do you define our Mission and Values?
- How do you see our Mission and Values brought to life?

Assign one Core Value to a pair of teammates and ask them to come up with a list of real-life examples of that Value brought to life on their team or in their role.

- Debrief by asking each group to share their favorite example.
- Have the whole group talk about “Leading through our Mission and Values” and what this means to each of them personally.

Next, pose this question:

Thinking about our Mission and Core Values as we just defined them, how do we use these concepts at DaVita?

- Have teammates discuss in small groups or pairs, then as a larger group. Record the ideas on a flip chart.
- Facilitator: Be prepared to share what this means to you personally and to share a story of how you used the Mission and Core Values to lead/manage.

Mission and Values Report Card Exercise Flow

Part 1

Facilitator: Introduce the concept of the Mission and Vision Report Card. Leaders can openly discuss areas of opportunity and where things are going well. When you complete a report card, discuss your experience with it, why it's important to you, and how you use the results.

- 5 min: Each person fills out a report card individually.
- 10 min: Discuss the results in small groups.
- 5 min: What did you talk about? Encourage groups to share their discussions with the whole room.

Part 2

Facilitator: Ask what we can do about it as a team, as an individual, and together as a clinic/department/market.

- 10 min: In small groups again, journal, then share: What will you do differently as an individual and as a leader?
- 5 min: Have groups narrow their ideas down to a top one or two.
- 7 min: Each group reports their favorite idea(s).

Part 3

- Facilitator: Ask the group to think about action, managing others and driving process as a Village leader.
- 5 min: Identify an activity, initiative or process you're aware of or have had experience with that does not align well with DaVita's Mission and Values. Why/how did it not align?
- 7 min: Identify ideas for two of those non-aligned areas that will realign the process/activity/initiative so that it no longer conflicts with our Mission and Values.
- 5 min: Discuss how teammates felt, or an a-ha moment, during this exercise (vs. actual ideas generated).

How Can You Keep This Spirit Alive?

Our Mission and Values are at the heart and center of DaVita. Leading through Mission and Values means that you keep our Mission and Values top-of-mind in decision making and in all actions you take. The nuts and bolts of leading through Mission and Values stem from behaviors that tie back to us living, articulating and practicing our culture. These are some key, foundational actions you can take to lead through the Mission and Values:

Communicate the importance of the Mission and Values.

- Help your teammates understand the Mission and Values and their importance to the Village.

Move others to action.

- Translate the Mission and Values into YOUR day-to-day activities and behaviors; guide and motivate teammates to take actions that support the Mission and Values.

Model the Mission and Values.

- Take actions, make decisions, and shape your team or facility priorities to reflect the Mission and Values. Be a role model every day. Someone is always watching.

Honor living the Mission and Values.

- Recognize and honor teammates whose actions support the Mission and Values. Find ways for your teammates to do the same.

Section 2: Symbols and Traditions

The following is a list of Village symbols and traditions that we hold dear. If you have questions about these, please reach out to fellow teammates or any member of the Wisdom team. We will be happy to discuss their meaning.

Symbols, Language, Traditions

- 1) One for All and All for One!
- 2) Musketeers, D'Artagnan, Hat and Sword (If we must dialyze, let it be like this: One for All and All for One!")
- 3) Question #1: What is this company? Response: New!
Question #2: Whose company is it? Response: Ours!
Question #3: And what could it be? Response: Special!
- 4) Dancing Star
- 5) Story of the Dancing Star
- 6) Mission
- 7) Core Values
- 8) The Village ("a community first, a company second")
- 9) Teammate (not "employee")
- 10) Vision: We are on a quest to build the Greatest Health Care Community the World Has Ever Seen
- 11) Leadership Attributes
- 12) The DaVita Way
- 13) Star and Heart (Heart of DaVita)
- 14) Head, Heart, Hands (specific symbols)
- 15) "We are here" method of taking attendance at meetings
- 16) GSD (Getting stuff done)
- 17) The DaVita Way of Managing, or DWOM
- 18) Shining Stars
- 19) Singing "On DaVita" (aka "The DaVita Fight Song")

- 20) Playing Reveille at meetings
- 21) Music: We are intentional about the music we use for presenters and special moments in the Village; here are just a few standards:
 - *This Land is Your Land* (Town Halls)
 - *When the Saints Go Marching In* (Audience entrance music for special occasions)
 - *God Bless the USA* (Military Tribute)
 - *Be Our Guest* (Night of Honor)
 - *We Are Family*
 - *Old Time Rock and Roll* (KT)
 - *We Are the World*
 - *Circle of Life*
 - *Hero* (Honoring our teammates for all that they do)
 - *Forrest Gump* theme
 - *One Shining Moment*
 - Music from "Man in the Iron Mask"
 - *1812 Overture*
 - *The Bridge*
- 22) DaVita Blues All Stars Band
- 23) Graduation Proclamations
- 24) Crossing the Bridge
- 25) Group and Division names



Snappy
Clinical software



Ned
Compliance mascot



Roo Jack
Safety mascot

26) Logos and Mascots: (some examples)

27) Quote: "You must be the change you wish to see in the world."
...M. Gandhi

28) Guiding Principles:

- "This is not a dress rehearsal. This is your life." ...Unknown
- "Begin with the end in mind." ...Stephen Covey
- "Speak with your life, not just your words." ...Thich Nhat Hanh

29) "Yo, DaVita!" (KT greeting)

30) "I Give Life!" (response to Yoda question: "What do you do for a living?")

31) "We said, we did."

32) "No brag, just fact."

33) Trilogy of Care: Caring for Our Patients, Caring for Each Other, Caring for Our World

34) Vision Circle

The Village Star



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The Bridge

In March of 2000, the Field Directors of the new company gathered for the first time at the Crowne Plaza in Redondo Beach, California. At this time, the company was in bad shape. It was technically bankrupt, was being investigated by the SEC, was being sued by shareholders, could not bill or collect for its services, had turnover of approximately 42-45%, had several vacant positions and, in general, was in a tough spot. People were worried and angry.

In this difficult setting at the end of his first presentation, KT used a Bridge slide and described the meaning of “crossing the bridge”:

“The notion of whether or not to cross the bridge means that each teammate faces in inescapable decision. Are you going to come to work tomorrow with just the intent to do a solid day’s work? Or, are you going to come to work intending not only to do a solid day’s work, but to also strive to make DaVita a special place? For those of you who choose to cross the bridge, you may not know exactly what you will do differently... but if the intent is there, good things will start to happen.

Making the Mission and Values come alive is hard work. It requires energy, creativity, courage and tenacity. But it starts with intent... To quote Stephen Covey, one must ‘begin with the end in mind.’

If too many teammates choose to wait and see if the Mission and Values stuff is sincerely and tenaciously pursued by others, we will not build a special community. In the end, the people of DaVita will determine if DaVita becomes a special place. Hence the bridge.”

--KT, 2000



The Birth of the Village

If the Crowne Plaza Director meeting was the conception for this notion of building a special community, then the first meeting of the Administrators was the birth. It took place in May of 2000 and is known as the Phoenix Meeting, or more simply as “Phoenix.” Once again, the Bridge slide was used as one of the last in KT’s presentation. The point was, that while we had lots of issues, goals and plans – in the end, the question of whether we can create a special community can only be answered one individual at a time and that each of us makes this decision every day, through our actions and attitudes.

Crossing the Bridge

By the November 2001 Nationwide meeting, where we introduced “The DaVita Way” for the first time, DaVita had tangibly demonstrated its commitment to the Mission and Core Values in many ways. Consequently, many DaVita leaders wanted to publicly demonstrate their own commitment. So we purchased three bridges and invited teammates to cross them. Doing so was a private decision representing their individual commitment to strive to make DaVita a special place to pursue our Mission and to live our Core Values. Hundreds of people did so. Using our current vocabulary, they chose to become citizens of the DaVita Village, not just residents.

Along Our Journey

Since then, the “Bridge slide” has been presented at every DaVita Academy the company has ever had. This means that as of June, 2019, 71,700 teammates have been invited to cross the bridge. And many have. Today, many leaders of DaVita also choose to make a public commitment to the teammates who work for them. In this commitment, they articulate what kind of working environment they will strive to create and what kind of behavior they will try to demonstrate.

The Story of the Dancing Star

The DaVita Dancing Star doesn't actually live on top of the "i" in DaVita. Instead, it lives in a lush green valley where it sits quietly sipping spring water with other dancing stars. That is, until someone within the Village does something special for a teammate or a patient. Then the bell sounds, our star jumps out of its chair and leaps to the left side of the "v," then leaps again over the right side and onto its proud spot above the "i."

Now some will say that this is just a fairy tale, because in the real world our star is always there on our banners and on our posters. I feel sorry for those people because they don't yet realize that in the real world, every single day, many DaVita citizens do something special for a teammate or a patient. To not allow yourself to look at that star, and celebrate that fact for one brief second in the midst of a normal demanding dialysis day, is to pass up a real and wonderful gift from our Village to you.

The moral of this fairy tale is that magical things can happen in real life, but they're not easy. And they can't happen unless you believe they can.



We Are Here Cheer

At our first Directors meeting, held at the Crowne Plaza Hotel in Redondo Beach in March, 2000, Kent said to the attendees:

"In order for you do get continuing education credits for these sessions [tongue in cheek], we need to know if you are here. So I'm going to ask you by group, 'Are you here?' and you need to answer back to me, 'We are here.'"

KT then went through the various groups of folks with questions like: "Regional Directors, are you here?" They responded, "We are here!" "Quality Assurance Managers, are you here?" They shouted back, "We are here!"

It worked! It was fun! And it helped get the attendees verbally and emotionally "present" to much more of what was happening at the meeting!

This "call and response" was repeated at our first Nationwide meeting in Phoenix just a few weeks later with a much larger group of teammates.

As the years progressed, the practice has evolved into the responders adding more than simply the words, "we are here" (example below), with groups vying for prizes, or—sometimes more meaningful—bragging rights when their cheers are judged by visitors to Villagewide, Academy, or other gatherings where these cheers have become a true Village tradition.

The We Are Here cheer:

- A tradition to show that you are here, physically, but also with spirit!
- Supports our Core Value of Fun; do it for fun/energy at your meetings
- Supports our Core Value of Team; a simple way to create team and enhance connections and relationships

Two Rules:

- Cheer length is one minute or less.
- You must say the words "we are here" in the cheer.

Team Avanti We Are Here Cheer, 2012

(Sung to the tune of "Sweet Caroline" by Neil Diamond)

*It's time for our cheer...
Avanti is here, you know it
Just vote for us, you can't go wrong...
We won't forget
To mention KT and judges
We promise our cheer will not run long
Head... Hearts and Hands... reaching out... giving life... it's what we do!
Avanti is here, we are here
We give great care so patients feel good (SO GOOD! SO GOOD! SO GOOD!)
Outcomes in line, we are here
To take Avanti to the top, this year...
(shout) AVANTI, AVANTI, WE ARE HERE!*

A Few Guidelines

- Teams usually do cheers in their place out in the audience, not up on stage.
- Microphones are typically not permitted.
- It's a good idea to have their words up on screens so the rest of the group can see what they're saying.
- Your call on whether to allow music in background or other A/V; typically fun to not allow and let teams sing/cheer on their own.
- Ensure rules and guidelines are equally clear to all teams.



HESKETH000216

One for All and All for One: The Three Musketeers

Woven deep within the fabric of DaVita, since our beginning, is the phrase “One for All and All for One,” borrowed from the famous motto of the legendary Three Musketeers.

It began in 2000 when some of DaVita’s original leaders watched the movie *Man in the Iron Mask* at a cabin retreat. They thought the mantra was such a great example of what we were trying to create at DaVita, that they used it in a skit at Nationwide (Villagewide). It seemed to strike a chord with teammates, who enjoyed it so much that they started saying it around DaVita.

The people had spoken! Since then, “One for All, All for One” has become our most used call-and-response tradition. You could think of it as a reminder and declaration that:

ONE FOR ALL

- I’m committed to my team and to helping them in any way I can.

ALL FOR ONE

- I want us to be the BEST at what we do— through the little things we do together every day, whether in direct patient care, or a project we’re working on, or delivery of a great program that helps people in their lives.
- I want us to be proud of our great work and great results.
- We are dedicated to our Mission.



Village History: Executive Team Names

You already know that DaVita uses creative names for teams, offices, clinical programs, even top leadership groups. It's not just fun, it's The DaVita Way! Creative names reflect and support our culture by:

- Helping us build on our Core Values of Team and Fun
- Reinforcing our philosophy of a democratic workplace through the process of voting on names
- Instilling a sense of pride and belonging for those on the team

And because many names are meaningful, we thought you might like to know how a few prominent group and meeting names came about.

Palmer Team

When DaVita merged with Gambro in 2005, the first meeting between the five field group leaders and COO Joe Mello was held at Arnold Palmer's Restaurant in California. As a tribute to that first meeting, the members voted to call themselves the Palmer Team.

Today:

The Palmer Team is made up of the senior vice presidents (SVPs) of each field (dialysis) operation or Palmer Group.

Hickory Group

The first meeting of Gambro and DaVita VPs in 2005 was held in Nashville at the Opryland Hotel. The group enjoyed a dinner at the hotel's Old Hickory

Steakhouse, so when KT asked them to come up with a name for their group, the task was easy!

Today:

The Hickory Group consists of field VPs (also called divisional vice presidents or DVPs) and the Palmer Team.

Hilton Group

The original offices for Total Renal Care (which would later become DaVita Kidney Care) in Torrance, Calif. didn't have a conference room large enough to hold the first meeting with KT, Yoda and the company VPs in 1999. Instead, they held the meeting at the Hilton hotel across the street.

When it came time for a follow-up meeting, KT told his assistant that "We need to get that group together again." "What group?" she asked. "You know, that Hilton group," he said.

Today:

The Hilton Group consists of all Kidney Care vice presidents and above.

Village History: Executive Team Names, continued

Phoenix Group

When our new company was formed in 2000, a meeting was held with all the facility administrators (FAs), Atlas managers, directors, VPs and clinical support specialists at a hotel near Phoenix, Arizona. That group of just under 700 people democratically chose the name, DaVita, and finalized our Core Values. Bonus fun fact: Did you know that DaVita is the only Fortune 500 company whose name and core values were selected by its employees?

Today:

The Phoenix Group includes all FAs in the Village.

Meetings

Cabin

In January, 2000, there was a meeting with Yoda, KT and the Hilton Group. VPs were wanting a way to get to know KT more closely and personally, and so Yoda and KT created a two- to three-day retreat where leaders could spend time together, build team, and get to know each other more personally. The first meeting was at KT's cabin in the Sierras. Bonus fun fact: This was the *Man in the Iron Mask* meeting mentioned on p. 23.

Today:

This annual strategic planning meeting is attended by some of our field VPs, KT and other executives.

Clambake

A clambake is a picnic or party on the beach where seafood is baked or steamed in a pit. (It's also a classic Elvis movie!) When DaVita was based in Southern California, KT would bring people in for operating review sessions he nicknamed Clambake. (Wouldn't YOU rather go to a clambake than to an "operations review"?)

Fun Week

An evolution of Clambake, Fun Week was born when we moved headquarters to Colorado, an equally fun-loving but landlocked state.

Today:

It describes a "fun week" of gatherings, dinners, and KT's one-on-one meetings with his direct reports.

Section 3: Leadership and Management Foundations

Leadership Attributes

The Leadership Attributes were selected by the entire Hilton Group at a meeting in October 2001 held in Palm Springs, Calif. They were chosen through a brainstorming and multi-voting process, which took most of one entire day. They were presented for the first time at our Nationwide Meeting in May of 2002. These Leadership Attributes have been used for self-assessments in the Mission and Values Report Cards for many years. They are also part of the foundation for our DaVita Way of Leadership courses.

- A leader is dedicated to achieving the DaVita mission.
- A leader actively lives our core values.
- A leader serves those she or he leads.
- A leader creates a shared vision.
- A leader communicates effectively and relentlessly.
- A leader empowers others.
- A leader coaches.
- A leader is action oriented.
- A leader is visible and accessible.
- A leader celebrates successes.
- A leader is passionate.
- A leader is personally committed.
- A leader knows how to decide (by always considering quality, caring, stewardship and fun).



The DaVita Way of Managing

BEHAVIORS, ELEMENTS AND EXPECTATIONS

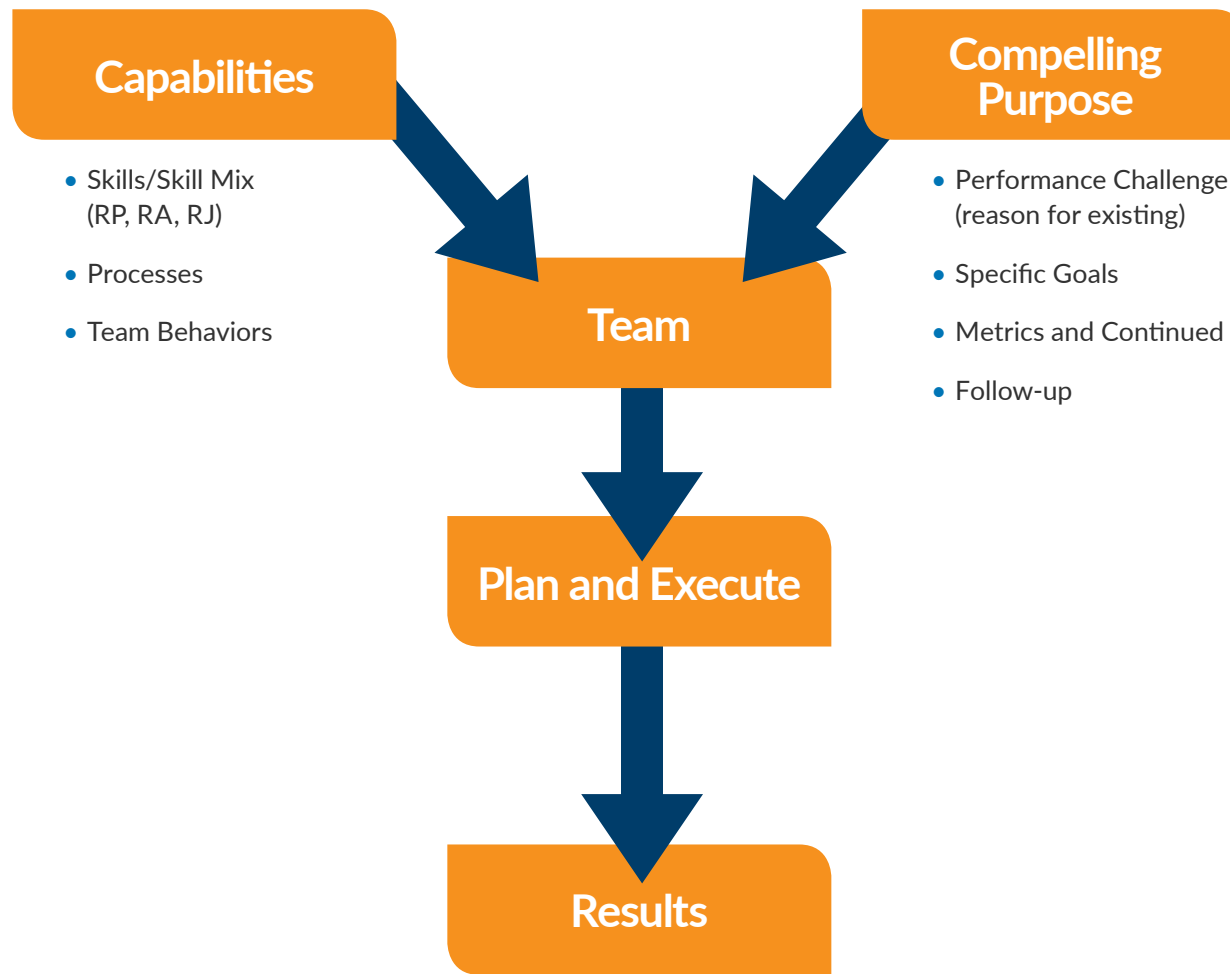
BEHAVIOR	ELEMENTS	EXPECTATIONS
Gets the Right Stuff Done	Knows What's Right	Understands the critical requirements of the unit/position and company, such as Mission and Values, compliance, and care delivery process and organizes tasks, people and resources accordingly to achieve objectives.
	Manages Self	Establishes priorities and organizes work for self and others to deliver on commitments and achieve results. Is highly organized. Seeks clarity around conflicts in priorities. Demonstrates emotional self-control and maturity.
	Solves Problems	Identifies criteria and evaluates alternatives to make timely and appropriate decisions, involving teammates and others as appropriate. Understands boundaries of authority. Acts decisively. Breaks down barriers and addresses root causes.
Fosters Team	Creates Team Identity and Goals	Establishes and openly communicates goals for their team. Instills team identity and spirit, consistent with The DaVita Way.
	Right Person, Right Attitude, Right Job	Understands job requirements and one's own strengths and weaknesses and finds/hires the right teammates. Retains teammates with attitudes of "team over self" consistent with the DaVita Mission and Values. Actively manages out or reassigns mismatches.
	Keeps Team Informed key	Knows what is important to teammates and provides appropriate information in a timely manner. Focuses on drivers of the business and shares performance with the team. Regularly provides updates to teammates on the state of the Village.
	Rewards Results rewards, rewards.	Recognizes the accomplishments of individuals and team and provides appropriate formal and informal including celebrations. Recognizes individual and/or team performance through differential economic

The DaVita Way of Managing

BEHAVIORS, ELEMENTS AND EXPECTATIONS

BEHAVIOR	ELEMENTS	EXPECTATIONS
Stewards Resources	Is Frugal accordingly.	Knows the guts of the business...how it produces clinical results and makes money, and makes decisions
	Manages Others' Performance	Sets goals, measures performance and provides feedback to, and coaches teammates on a frequent basis to continually improve performance. Assigns tasks and projects to the appropriate resource with clarity, accountability and follow through. Does not tolerate mediocre performance.
	Makes Stuff Stick	Turns new processes into new habits. Creates understanding of the reasons for the change, and relates it to company and unit goals. Accepts ownership of change and manages through resistance. Follows up to ensure the change is sustained.
	Creates Capacity	Takes on new and/or expanded responsibilities and reprioritizes or reassigns current work to get it done. Builds capacity of others. Discovers better and more efficient ways to do the work. Innovates day in, day out.
Builds Relationships	Establishes Rapport	Takes the time to get to know someone as a person. Establishes a bond with others through active listening, understanding and empathy. Remains rational and calm in emotionally-charged situations.
	Is Responsive patients/	Readily and empathetically addresses business and personal needs of teammates (including physicians), families, and others as well as issues that arise; proactively seeks opinions and feelings of others.
	Is Trustworthy reports,	Keeps commitments and confidences, and behaves consistently, ethically and fairly. Others, including direct peers and supervisors view him/her as competent.

The DaVita Way of Team



Barriers to Creating Capacity

JOE MELLO'S "DIRTY DOZEN"

- 1) Assuming everything has equal priority
- 2) Doing work of those who report to you
- 3) Letting great stand in the way of good
- 4) Doing things that could be done by others (peers and subordinates)
- 5) Being uncomfortable saying "no"/saying "yes" too much
- 6) Tolerating mediocre performers (peers and subordinates)
- 7) Not asking for clarification of what's important
- 8) Looking at too much data about too many things
- 9) Having a mindset that you have no more capacity
- 10) Not staring at the priorities you set frequently enough, and reordering
- 11) Time allocation not aligned with priorities
- 12) Not asking the tough questions of your direct reports

*Joe Mello is a former COO of DaVita, was an original member of KT's leadership team, and is a lifelong friend of our Village.

Execution Model

Getting stuff done (GSD) through others and delegating is critical to your success as a manager. How do successful managers GSD? They follow what's now known as our Execution Model.

- 1) Clarity of Focus
- 2) Absolute Accountability
- 3) Relentless Follow-up
- 4) Celebrate Success



Leadership Matrix

The Leadership Matrix is a tool for managers to rate the performance of individuals within their team according to the two key scales: Leadership Behavior and Business Results.

The matrix provides a “snapshot” of the team. Once this snapshot is complete, appropriate actions can be taken in order to enhance individual and overall team performance.



The DaVita Way

Head
Heart
Hands
Mission
Values
Village
Cares for Patients
Cares for Teammates

Business Results

Clinical Outcomes
Productivity Management
Retention
Survey Readiness
Expense/Inventory Management
Team Professional Development
Treatment Management
Policy and Audits
Physician Engagement
QIFMM

CQI Process

Continuous Quality Improvement, more commonly known as CQI, is a four-phase process. CQI is one of the ways we achieve and live our fourth Core Value.

We refuse to sit still. We choose to always improve. This means that we all, no matter what our role in the Village, look at our job processes (and the processes of those around us) and think, “How can this be done better?” We then act on that improvement. We apply this thinking not only to processes that don’t work, but also to those that are working well. There is always room for improvement.



Structured Brainstorming

Brainstorming is a structured process for generating/creating a large list of ideas. In CQI, we generate theories of cause by utilizing a technique called Structured Brainstorming. At DaVita, we like to use structured brainstorming as it allows everyone on the team a chance to participate. During this process, the focus is on Quantity, not Quality.

Let's go over some guidelines for your Structured Brainstorming activities.

Rules:

- Everyone gets a turn. One person at a time says one idea at a time. This allows everyone a chance to speak and participate.
- There is no discussion. Ideas are just thrown out in an organized manner (structured). There should never be any commentary (positive or negative) during structured brainstorming.
- Creativity is welcome. Outlandish ideas may help spark ideas in your teammates!
- Hitchhike or piggyback on the ideas of others. Let someone else's idea spark another idea for you!
- Strive for lots of ideas. There is no time limit, but don't get stuck on evaluating whether or not your idea is good. By turning off your "censor switch," you will quickly get lots of ideas.
- You may pass on your turn if you have no ideas. Continue the brainstorming process (one idea per turn) until the round where everyone passes.

Tips:

- Keep Ideas Visible... Use a flip chart and markers to record ideas.
- Appoint Someone as Recorder... The recorder should not abbreviate unless everyone understands the abbreviation.
- Keep An Open Mind... Do not censor yourself or others.



Multi-Voting

Multi-voting is used as part of the CQI process to narrow down a long list of items resulting from a brainstorm in a previous step.

We achieve consensus through a process called multi-voting. Consensus can sometimes be tricky when you think about the meaning of the word. By “consensus,” we don’t mean that everyone agrees – this would be very difficult for a team of eight people. Ultimately what happens is that those not in total agreement agree to go along with the group.

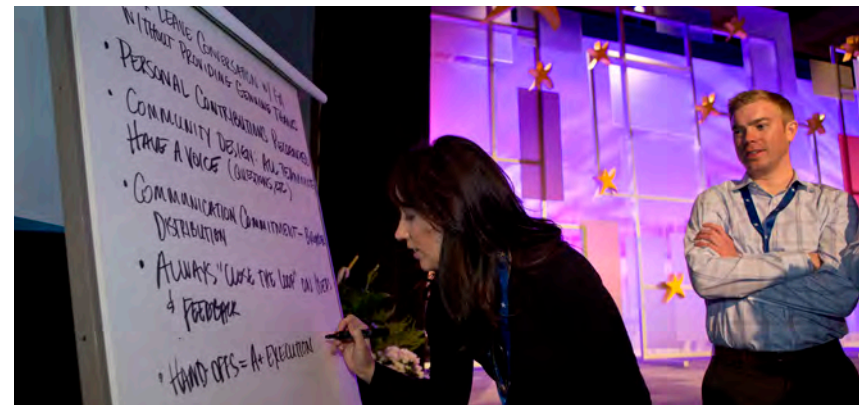
Let’s have a look at the rules and the process of multi-voting:

- The goal is to reduce the list to a set of top choices through voting.
- Each team member gets a certain number of votes equivalent to half of the items on the list plus one. The members will use their votes to keep the items on the list that they feel are top priority.
- To get to the reduced list, the team goes through each item and the recorder notes the number of votes for that item.
- Items with ZERO votes are eliminated.
- The team continues to repeat the process to reduce the list until you have no more than five to seven items remaining, and no less than three items.

A Couple of Notes:

- Discuss items with at least ONE vote: This is a time your teammates get very passionate about their theory and discussion is encouraged.
- Consensus is required to remove an item from list: Consensus, in this case, does not mean majority. It merely indicates the popular consensus among your team. However, if one person is adamant that a possible theory of cause stay on the list, then it stays.

After multi-voting, the narrowed down list produced DOES NOT yield root causes... it only yields a narrowed-down list of possible causes or theories. Remember, these are still theories. You still have to confirm with data.



Meeting Check-In / Check-Out

Central to a team's functioning is establishing trust and understanding—as human beings as well as teammates. In the Village, we take a whole-person approach to how we work together with each other; it makes work more fulfilling and our teams more effective. Central to this is the practice of “checking in”—a simple but potentially very powerful practice which can be done at any team gathering.

Best done first in a gathering, you have creative license for how you want to approach it. Checking in allows individuals to slow down and assess what is really going on with them, something few of us do in the busy GSD world of the Village! It also allows the group to come together and see and hear where everyone is.

Context is important. Consider the purpose of the meeting and the time you have:

- For a quick-hit Homeroom Meeting, sometimes it's good to have a freeform session to give those who are willing a chance to check in.
- Sometimes at a team offsite meeting, it's useful to have a few “rounds” to deepen trust and the level of dialogue, starting with a general “How are you doing,” moving to deeper and tougher check-in questions.
- Example- prior to a serious meeting, you may want to break the ice with something fun!

At the end of every meeting it's good to check out as well, to gauge the group's energy and allow for completion and closure.

Below are some best practices that will allow you to shape a check-in based on your need:

- **Room** – Be aware that, sometimes, it's good to have a space conducive to a check-in. Consider going outside, for instance, or finding some couches or a room with good natural light.
- **Opening** – It's always good to set the expectation early on, even teaching attendees what a check-in is! The purpose of a check-in is to

really become aware with where you are mentally and emotionally, and to share—so group members can track each other. This leads to more cohesion. Be very clear about what you want people to say.

- **Process:**

- Three-minute sit - Sometimes after the opening, it is helpful to hold a “three-minute sit” or a moment of silence.
- Read a poem or offer a thought to start the check-in.
- Ask the specific question you want people to check in on and set context. For deeper check-ins, it may be important that you emphasize confidentiality and do NOT allow back and forth dialog during the check in—this allows people to feel free to say whatever they want. Let each individual have the floor as long as it is their turn.
- Allow individuals to check in. Either run it clockwise or let the group “popcorn” (take turns randomly).
- Allow for emotions to come up if necessary. No “fixing” each other, and do not process after they have spoken; move on to the next person.
- At the end, thank the group and transition to the next topic on the agenda.
- At the end of the meeting, offer a check-out – either randomly or clockwise, giving instructions on what you want them to check out on. A good practice is to ask, “What are you taking away?” “How do you feel after this meeting?” “What is something you are grateful for after this meeting?” Or simply (and maybe best), “What are you checking out with?”

- **Good check-in question examples:**

- What are you present to right now?
- What are you present to in your LIFE? No work!

- What do you feel?
- “High-low” – What has been a high from this last (week, month, etc.) and what has been a low?
- What are you struggling with right now in life and/or work?
- What is bringing you meaning and fulfillment?
- What is scaring you? Exciting you?
- What’s a favorite/funny (insert holiday) memory?
- What happened/how was your (insert holiday here)?
- What’s a book, article, or concept that has you thinking lately?

● **Good check-out examples:**

- What are you grateful for in this meeting/day/etc.? Who are you grateful for and what did they do to make this so?
- What is your main takeaway? What are you going to do differently afterward?
- What are you “checking out” with?
- How do you feel? What are you thinking as part of a check-out?



Core Team

As a manager, your core team is a team of your “trusted advisors.” It’s similar to how a president sets up his cabinet. He chooses those who will help him think through key decisions, provide multiple opinions and ideas. Most importantly, they are trusted and they know they can tell him what they REALLY think. This is invaluable, especially in critical times.

Homeroom Meetings

Homeroom Meetings are a simple way to get your team together and connect. They can be as short as five minutes per day! A good practice for Homeroom Meetings is having them every day and keeping them simple, short and sweet. The agenda can include work stuff, like whatever is important for everyone to talk about that day in order to get the job done. The agenda could also be something fun, relationship building-oriented, or a way to “check-in” with each other as people before getting on with the day.

The important thing is to HAVE the meeting. Some members of the team may not be able to make it to every meeting. If you’re in a clinic, you may need to gather right on the floor so patient care can continue safely. Teams that have regular Homeroom Meetings consistently report better relationships, better results, and more engagement, fun and fulfillment. If you’re not holding Homeroom Meetings as a team, it’s never too late to start!

Start, Stop, Continue Meetings

The Start, Stop, Continue meeting is used as a tool for gathering ideas and fostering communication among a group of individuals. It can develop a balanced perspective of areas for improvement, areas of strength, and areas of opportunity as they relate to team objectives, behaviors or performance; it can also be used to examine processes and systems to confirm pieces that are working well, and areas that can be modified to make that process or system work better. Finally, the Start, Stop, Continue

meeting is also very effective regarding interpersonal situations: to identify behaviors which support strong relationships, as well as those that might be modified to improve those relationships.

It is a useful method for brainstorming—generating a lot of ideas in a short period of time, allowing all team members to provide input.

The Model:



The facilitator or leader should post three flipchart pages on a wall (see diagram). At the top of one, write “Start”; on the second, “Stop”; and on the third, “Continue.” Invite the participants to take turns suggesting answers to the following questions:

- 1) What should be put in place to improve?
(something we/I should START doing)
- 2) What are we (am I) doing that isn’t working?
(something that we/I should STOP doing)
- 3) What is working well? (something we/I should CONTINUE doing)

All participants should take turns providing their ideas on any of the three questions (do not try to answer the three questions in order; a participant can suggest any one of the three at any time), continuing to go around to each participant until everyone is out of ideas. As you take turns, a participant simply says “Pass” if she/he has nothing to say at that moment.

Once the list is generated, it may be useful to discuss the value of each of the ideas in order to decide which may be the most leveraged or highest priority. Multi-voting (see that page in this book) might also be employed at this point to decide which suggestions to focus on first.

The Palmer Teams

Apex

- 1) Apex Hospital Services Division
- 2) Discovery Division
- 3) Dream Catchers Division
- 4) Keystone Division
- 5) Southern Diamond Division
- 6) SunDance Division

Avanti

- 1) CATORI Division
- 2) Centurion Division
- 3) LaForza Division
- 4) Lumineer Division
- 5) Nor'Easters Division
- 6) Team Catalyst
- 7) Voyager Division
- 8) Woodlands Division

Dream Team

- 1) Gold Coast Division
- 2) Pacific Sol Hospital Services Division
- 3) Surf N' Sun Division
- 4) WestSide Division
- 5) Wild West Division

Team Endeavor

- 1) Atlantis Hospital Services Division
- 2) Central Oasis Division
- 3) MiraMonte Division
- 4) SunRays Division
- 5) Sunsational Division
- 6) Team Renaissance Division

Team Fusion

- 1) Crossroads Division
- 2) Erie Coast Division
- 3) Great Lakes Division
- 4) Heartland Division
- 5) Lakeshore Division
- 6) Skyline Division
- 7) Stellar Force Division
- 8) Supernova (Hospital Division)
- 9) Wisconsin Badgerland Division

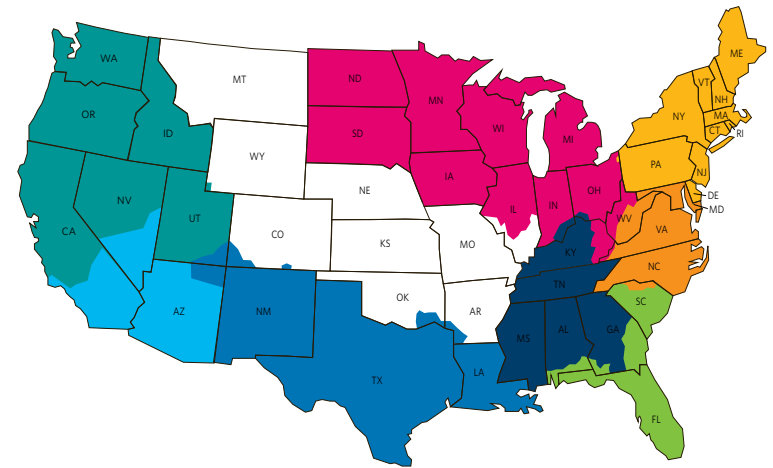
Team Galaxy

- 1) Ascent Division
- 2) Eagle Division
- 3) Galaxy Elite Force Division
- 4) Odyssey Division
- 5) Silver Spurs
- 6) Southern Heat Division
- 7) Star Wranglers

Pioneer

Polaris

- 1) North Star Division
- 2) ORCA Division
- 3) Pacific Gold Division
- 4) Polaris Hospital Services Division
- 5) Sierra Terrific Division



POLARIS **APEX** **ENDEAVOR**
DREAM TEAM **TEAM FUSION** **TITAN**
TEAM GALAXY **TRAILBLAZERS** **AVANTI**

Titan

- 1) Atlantic Stars Division
- 2) Bay City Lights Division
- 3) Cardinal Division
- 4) Carolina Waves Division
- 5) Rising Tides Acutes Division
- 6) TOPCATS Division

Trailblazers

- 1) Aurora Hospital Services
- 2) Heritage Division
- 3) Pinnacle Division
- 4) Southern Horizons Division
- 5) Southern Stars Division
- 6) Southland Division
- 7) Thoroughbred Division

U.S. Neighborhoods

Our Neighborhoods (aka Team Atlas, sometimes called central business offices or CBOs) provide support and services to our centers, hospital units and subsidiaries.

Casa del Mundo (Headquarters)

2000 16th St.
Denver, CO 80202
(303) 876-2868
Toll free: 1-888-484-7505

Playa DaVita

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(310) 536-2400
Fax: (310) 536-2675

Team Evergreen

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Tacoma, WA 98402
(253) 272-1916
Fax: (253) 382-1074

Team Evergreen North

32275 32nd Ave. South
Federal Way, WA 98001
(253) 733-4602
Fax: 1-866-720-6872

Team Front Range

7173 S Havana St.
Ste. 100
Centennial, CO 80112
(303) 876-2500
Fax: 1-866-356-6279

The Grove

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Irvine, CA 92618
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Fax: 1-866-283-2781

Team Music City

5200 Virginia Way
Brentwood, TN 37027
1-800-467-4736
Fax: (615) 320-4205

Team Liberty

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Ste. 150
Malvern, PA 19355
(610) 722-6000
Fax: (610) 407-1520

DaVita Labs (The Palms)

3000 DaVita Way
DeLand, FL 32724
1-866-909-5227

Casa Vida

2001 16th Street Mall
Denver, CO 80202
1-888-484-7505

Casa Nueva

1551 Wewatta St.
Denver, CO 80202
(303) 405-2100
Fax: (303) 405-2200

DaVita Clinical Research

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Minneapolis, MN 55404
(612) 852-7000
Fax: 1-866-852-3241

Cabana

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El Segundo, CA 90245
(310) 536-2400
Fax: (310) 955-3530

Government Affairs

500 N. Capitol Street,
Ste. 300
Washington, DC 20001
(202) 639-0750
Fax: (202) 639-0751

Team Windy City

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Stes. 410 and 290
Vernon Hills, IL 60061
(847) 388-2001
Fax: 1-866-384-1682

International Neighborhoods and Teams



Brazil KC - Team Bossa Nova



Brazil MS - Team Ipe



Colombia—Team Equipo Alegria



China—Team Kylin



Malaysia—Team Cahaya



Taiwan—Team Lion

Portugal—Team Atlantico



Saudi Arabia—Team Oasis



Poland—White Eagle Team



Brazil

Brazil Kidney Care
Av. Das Américas, 3434 -
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Centro Empresarial
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/Brazil
CEP: 22640-102

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DaVita Care (Taiwan) Pvt. Ltd.
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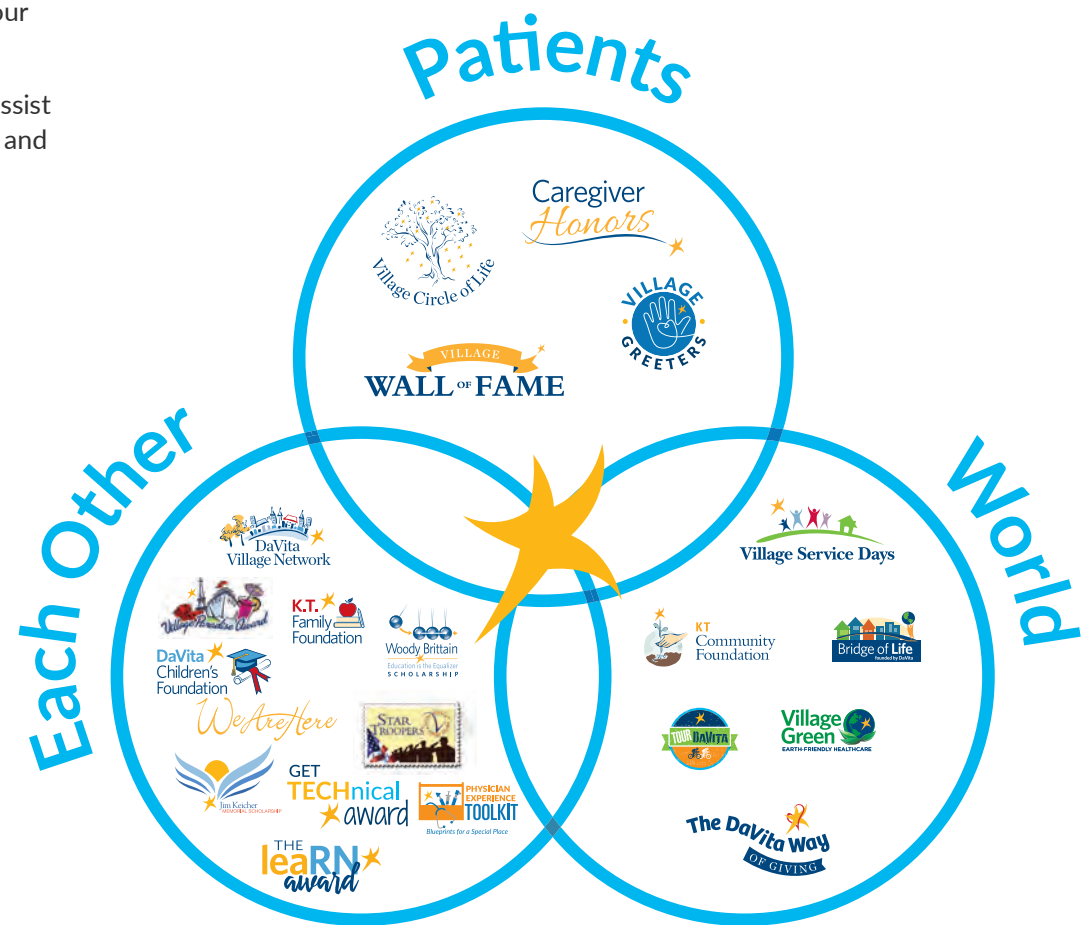
Section 4: Sending Ripples

Village Social Responsibility

We say that we strive to be a community first and a company second--a Village. To support this, we offer a number of opportunities through our Village Social Responsibility (VSR) programs.

These programs help create our community and bring our Trilogy of Care to life: Caring for Our Patients, creating a differentiated patient experience; Caring for Each Other with the same intensity with which we care for our patients; and Caring for Our World through goodwill initiatives and our environmental commitments.

These programs can help you create energy in your Neighborhood, assist your teammates in need, provide scholarships to support teammates and their families, improve our environment, and much more.



Our Village Programs

To learn more about any of our Village programs, please visit the Village Programs Portal at DaVita.com/VillageProgramsPortal or email VillagePrograms@davita.com.

CARING FOR OUR PATIENTS

Caregiver Honors

Allows teammates and patients to formally express gratitude to teammates and physicians by sending "Grateful Grams" thanking them for what they do.



Village Circle of Life

Offers members of our Village a chance to honor patients, teammates and physicians we have lost through memorial services and memorial donations. Also offers materials to help address life planning and end-of-life issues.



Village Greeters

Our official program for community members to volunteer in the dialysis centers. The program aims to serve patients better by making their experience more enjoyable in the waiting area and on the treatment floor.



Village Wall of Fame

An annual group project intended to bring teammates, physicians and patients together through creativity and competition. Teams create a themed wall including a photo and four fun facts for each participant.



CARING FOR EACH OTHER

DaVita Children's Foundation

Offered to teammates' children and grandchildren who are enrolled in college or 12th grade and preparing for college entry. It awards scholarships of \$1,000 to \$3,000 to students who demonstrate outstanding leadership, community involvement or academic performance.



DaVita Village Network

Established to provide teammates, or their immediate dependents, with limited financial assistance for out-of-pocket expenses during a time of crisis such as a natural disaster, life-threatening emergency, unexpected medical or funeral expenses, or financial hardships as a result of military deployment. Funded by voluntary teammate contributions and company profits.



Get TECHNical Award

Opportunity for nominated PCTs to attend a dialysis-related conference with all expenses paid by DaVita.



Jim Keicher Memorial Scholarship

Offered to 12th-grade and college-age children and grandchildren of DaVita teammates who work in IT or who are military veterans.



K.T. Family Foundation

Offered to teammates' children and grandchildren who are in grades 6-11. It awards scholarships of \$1,000 to \$3,000 to students who demonstrate outstanding leadership, community involvement or academic performance.



LeaRN Award

An opportunity for nominated nurses to attend a dialysis-related conference with all expenses paid by DaVita.



Reality 101

Allows teammates to experience The DaVita Way by shadowing clinic teammates. Helps ensure understanding of clinic workflows and day-to-day operations.

Star Troopers

Gives our teammates ways to support our military with care packages and letters of encouragement. Recipients are teammates and other family and friends of our Village who are actively serving in the military and stationed overseas.



Village Paradise Award

Created to recognize, honor and reward facility administrators, site administrators, business office managers, social workers and dietitians for being strong Village community leaders, role models for our Mission and Values, and for delivering strong clinical and business results. A review panel ranks the nominations and selects the teammates who best meet the award criteria. Winners receive a vacation award valued at \$2,800.



We Are Here

Rewards teammates who have perfect attendance by entering them into a drawing to win a vacation award. We are Here is a reflection of all the hard work our teammates do every day and underlines our Core Value of Team, rewarding teammates for their commitment to their patients and to our Village.



Woody Brittain Scholarship

Offered to teammates' children and grandchildren who are African-American or Hispanic and in the 12th grade. It awards scholarships of \$7,500 to students who demonstrate outstanding leadership, community service and academic performance and are seeking a career in science, technology or health care. It has the potential to be renewed up to three consecutive years.



CARING FOR OUR WORLD

Bridge of Life

Bridge of Life (BOL), an independent 501(c)(3) public charity founded by DaVita, is an international nonprofit organization working to strengthen health care globally through sustainable programs that prevent and treat chronic disease. BOL's vision is a world where all human beings have access to quality health care. BOL strives to empower local staff, community health workers and patients through training and education to make sustainable changes to health care.



DaVita Way of Giving

DaVita Way of Giving is an annual campaign that puts our giving decisions in the hands of our local teammates. Clinical teams choose a local non-profit organization to receive a charitable donation on behalf of the Village. Teams are encouraged to personally connect with their charity through in-person check presentations and Village Service Days.



KT Community Foundation

The KT Community Foundation helps pay for materials and tools for hands-on community service benefiting a 501(c)(3) charity in which a teammate or his/her immediate family member will participate.



Tour DaVita

This 200+ mile bike ride is held each fall for teammates and their families, physicians and friends of DaVita. Started in 2007, Tour DaVita is a celebration of our teammates and the work they do every day, as well as a way to raise awareness and improve access to primary care, dialysis treatment and prevention programs around the world.



Village Green

Village Green was created in 2007 to ensure the Village continually improves how we take care of the world around us. Its goal is to reduce the environmental impact of our operations—in both the field facilities and in business offices—while educating our teammates and patients about why we are making these changes and what they can do to help.



Village Service Days

A Village Service Day is any volunteer activity that is organized, managed and executed by at least three teammates on behalf of DaVita to benefit a nonprofit organization and the broader community.



Section 5: Village Gatherings, Culture and Leadership Checklist

Culture and Leadership Behaviors

CHECKLIST FOR THE VILLAGE LEADER

What do great DaVita leaders think about as they connect with their teams, either formally or informally? Review this checklist often, and consider how often you engage in these practices.

This is about improving your leadership, as well as being a role model for The DaVita Way, our Mission, Values, Vision and Village.

- “Check-in” and “check-out” at every gathering/meeting
- Do something to connect people or icebreaker before every meeting/gathering
- Town Hall and a question you want feedback about at every gathering/meeting

- Know and refer to (every time you talk):
 - 1) Mission
 - 2) Core Values
 - 3) Vision
 - 4) The DaVita Way
 - 5) “Village”
 - 6) Plus (“Role Model for American Health Care,” “Ripples of Citizen Leadership”)

- Call and Response every time you’re with a group of teammates
 - 1) One for All, All for One
 - 2) New, Ours, Special
 - 3) We Said, We Did
 - 4) No Brag, Just Fact
 - 5) Then and Now

- At all big meetings/gatherings:
 - 1) DaVita music
 - 2) On-time! (Call to the Post)
 - 3) Mission and Values banners
 - 4) Hat and Sword
 - 5) Graduation Proclamation
 - 6) Village colors/themes (Head-Heart-Hands, etc.)

- Bridge at every big meeting; refer to the Bridge
- DaVita Village Network story or other Village Program story at any meeting/gathering (even if short, memorized)
- Division or larger meetings, touch base with Wisdom Production Services daily to be clear on A/V, logistics, ensuring traditions are included, timing, etc.
- Core Value Awards / Night of Honor (with right music, language, “we reward performance, we honor teammates for being role models for our values”) and consistent look of awards
- Sing “On DaVita” at all big meetings
- “We Are Here” cheers, skits (optional)
- Core Team
- Be a role model for Homeroom Meetings and Huddles
- Pay attention to all Village symbols and traditions



Leader's Guide to Keeping Our Village Alive

The DaVita Way means that we dedicate our Head, Hearts and Hands to pursue the Mission, live the Values, and build a healthy Village. It means that we care for each other with the same intensity with which we care for our patients.

Examples of Processes for Keeping the Village Alive in your Teams

- Do the Mission & Values Report Card a few times per year with your team.
- In a certain percentage of Homeroom Meetings, talk about something beyond business.
- Talk in your teams about what could create more happiness and more fulfillment.
- Take care of new teammates to ensure they feel welcome, supported and cared for.
- Show caring for your team members as human beings in some special way every week.
- Talk about what The DaVita Way means to you, and team members, in a number of meetings throughout the year.
- Do Check-ins and Check-outs (or a personal icebreaker) at every meeting you have with your team. (Make it personal: "How is life?")
- Be mindful of behaviors, intangibles, during meetings or while with others.
- Do a crossing-the-bridge ceremony with your team and talk about commitment.
- Do calls and responses at every meeting.
- Lead something cultural this year, like a We Are Here Cheer at Villagewide, or volunteer as a faculty member in a DVU program in the field like DSS Leadership.
- Ask all teams under your leadership to do Start, Stop, Continue meetings to improve one thing on the team.
- Share your Credo or beliefs, and then do some number of meetings throughout the year to ask the team where they see gaps.
- Choose one area of your leadership that you're struggling with, and get the team to help you throughout the year.
- Create life alignment and balance goals, share with your team, and dedicate some number of meetings to see how everyone is doing.
- Commit to some minimum number of clinic visits per year, and do a Town Hall every time.
- Talk about Village Programs so ALL teammates know what's available to them.
- Develop yourself and your leadership by attending DVU programs. Encourage those reporting to you. Talk about what you're working on.

Meeting Design Guide

Designing Your Meeting

Our standard meeting design model is as follows:

Purpose/Essence > Content “Blocks” > Individual Design Components
> Logistics to Support

Questions to help guide you:

- What are people doing today, or not doing today, that you want to change and have them doing differently at the end of this meeting? Be specific! Get into behaviors, where it’s happening, etc.
- Why are these things important to change? What’s in it for them? What’s in it for the Village, our patients, our teams, etc.?
- What is the essence of the meeting? How do you want them to “feel” when they leave?
- What are the metaphors that describe the above (riding the wave, climbing the mountain, weaving the quilt, etc.)?
- After the above, what are the building blocks, or core components of the meeting? Try to make it 3-4; should drill down on the purpose.

Principles of All Meetings

- Fun
- Build Relationships
- Grow Personally and Professionally
- Celebrate and Honor
- Interactive
- Town Hall for any gathering of 10 or more teammates

Logistics to Support Your Design

Purpose: To outline and capture “The DaVita Meeting” Standard to ensure all meetings conducted have the same Village “look and feel.”

Audio-Visual Room Setup Standards

0-60 people

- AV screen
- LCD projector
- iPod or device to play music
- Fun/upbeat lively music during ALL breaks, when participants are entering room, and are leaving room
- DVD if using video footage
- Speakers (speakers also need to be attached to the DVD player or computer if a video is being used)
- Microphone package
 - 1 handheld
 - 2 lavaliers

60-150 people

- All of the above
- Increase to 2 handheld microphones
 - Microphone runners may need to be identified and utilized
 - Mic runner process: Audience participants raise their hands, mic runner RUNS to them, audience member should wait to speak until the mic is there, mic runner helps them keep the mic 1-2 inches from their mouth
 - Mic runners should “mix it up” around the room and look for new people to share; cover the entire room
- Increase to 2 screens
- Increase to 2 LCD projectors
- Consider using rear projection AV—this will require 30 feet of the room for the equipment, thus you will need to plan for this to accommodate your capacity

- AV “desk” station manned by at least one teammate
 - Hit music during breaks! This means ready to play upbeat music as soon as the presenter is finished speaking and the break or downtime begins
 - Consider Reveille—play at 5 minutes prior to start of session
 - Upload and man presentation decks/videos/music
 - Handle all AV needs

Room Setup

- Seating options depend on capacity of room and number of attendees. Options to consider are:
 - Half rounds, Theater style, Classroom, Chevron, Open U shape
- Mission and Values banners in front of the room (Mission on the left, Values on the right)
- Fun, lively, upbeat music played at all breaks and down times—begin immediately upon break announcement without any pauses
- Flip charts and markers, if applicable

Materials

- Name tags
- Lanyards
- Tent cards
- Evaluation forms using 1-5 scale and allow for comments
 - 5 = Great; 4 = Good; 3 = Solid; 2 = Needs Improvement; 1 = Poor
- Registration/sign in
- Handouts- black and white is standard

Walk-Up Music

Used as an identifier for presenters. Once a song is “tagged” to a teammate, it can no longer be used by anyone else.

The Wisdom Team has a list of all approved walk-up music. Select something that is meaningful to you, lively and upbeat, as it is used to introduce you to the audience. Teammates will begin identifying your chosen song with you!

Support Team Considerations

- Registration
- AV/music/presentation—work the “AV needs”
- Logistics and event planner
- Room décor
- Presentation—agenda lead/owner

Traditions and Conduct Standards

Standard agreements to be set at the beginning of the meeting:

- Be on time
- No sidebars
- No cell phones; \$5.00 donation to DVN if a cell phone is heard
- All program activities are mandatory

Guiding Principles

- “This is not a dress rehearsal, this is your life.” Author unknown
- “You must be the change you want to see in the world.” Gandhi
- “Begin with the end in mind.” Stephen Covey
- “Speak with your life, not just your words.” Thich Nhat Hanh
- “A community produces most what it honors most.” Kent Thiry
- Everything Speaks
- Beliefs > Behaviors > Results

Celebrations/Awards

Language is important around honoring Mission and Values: “We reward performance, but we honor those who live our Mission and Values and are examples for all of us.”

Food

Village Vitality—offer healthy choices!

Attire/Dress Code

Typical dress for a Village meeting is casual or business casual.

Typical dress for a Night of Honor is business (suits, dresses).

Traditions to Incorporate as Appropriate for Your Audience:

- New, Ours, Special
- One for All cheer (end on this!); leader/facilitator at the time tees this up:
“But if we must dialyze, if we must dialyze, let it be like this! One for All!”
Crowd responds: “All for One!”
- Hat and Sword
- TGHCCCTWES (To Build the Greatest Health Care Community the World Has Ever Seen)
- Mission and Values: Talking about them, making them real; where have you lived them, where have you not
- State of the Village (or Division/Region)
- The DaVita Way: “The DaVita Way means that we dedicate our Head, Heart and Hands to pursue the Mission, live the Values, and build a healthy Village. It means we care for each other with the same intensity with which we care for our patients.”
- Head, Heart and Hands (Believes, Cares, Acts)
- Crossing the Bridge
- “On DaVita” song
- DaVita meaning - “giving life”
- Trilogy of Care: Caring for Our Patients, Caring for Each Other, Caring for Our World
- Send Forth Ripples...
- Citizen Leadership

(Contact the Wisdom Team for guidance in any of these traditions!)



Hosting a Town Hall Meeting

- 1) Set the tone:
 - a. Enter with energy – run up front
 - b. Call and response – “Yo, DaVita...”
 - c. Speak loudly
- 2) Get to know the room (1-2 minutes):
 - a. How many FAs, RODs, etc.?
 - b. Tenure: how many have been here for less than a year? 1-5 years? More than 5?
 - c. What are you learning? What is the theme of this meeting?
- 3) Introduce yourself (1-2 minutes):
 - a. Position, tenure, why did you join the Village and why do you stay
 - b. Something about you as a person. People want to get to know their leaders as human beings, so share about your family, something you love to do, your hobbies, etc.
 - c. What you are working on now and for the future
- 4) SOV: Get updated Town Hall talking points from Village Communications (5-7 minutes):
 - a. Clinical
 - b. Growth
 - c. International
 - d. Village

- 5) Open the room for questions by stating something like, “I’m here for you... What questions do you have? How can I be of service?”

Suggested topics to be ready to speak to:

- Your leadership perspective, and how you achieve balance
- Your proudest moment
- Biggest obstacle and learning
- Personal teammate or patient story
- A cool Village moment or evidence of someone differentiating themselves by living The DaVita Way
- Meeting theme- or class-specific stories or information (leadership story for a leadership class, is there an agenda for your visiting, etc.)
- Have some polling questions prepared, so the audience can provide perspective/feedback to you for a company initiative

Other considerations:

- Fill your cup! Take a moment to rejuvenate before entering the room (step outside, take a walk or break).
- Visual aids are OK (hold your notes if you need to).
- When you mention something good that teammates or our Village has done, say “Give yourself a hand” (let them applaud their efforts).
- Consider sharing your personal credo.



Sample Night of Honor Show Flow

Time	On stage	A/V / Notes
6:30-7:00 p.m.	Cocktails	Hat/sword on Bridge
6:30 p.m.	Doors to dinner room open Announcement: Please take your seat	Dinner music Pics of Group Night Winner loop- 15 min
7:00 p.m.	Dinner – classical music	
8:00-8:15	Singing of “On DaVita” Tee up Tribute or montage-type video Play Tribute video	HH for Shaun
8:15 p.m.	Announcement: Our program will begin in 15 minutes	Photos of Group Night Winner loop- 15 min
8:30 p.m.	START AWARDS CEREMONY	
8:30 p.m.	The Bridge – video Executives walk to Stage together from back of house— No other announcements, music only	Drop lights, spotlight Bridge, hat, sword; PowerPoint w/ words Advances w/ song
8:36 p.m.	Executive to podium to talk about Village Example: Crossing the Bridge or GLF Executive to podium – set up Rising/Shining Star Team Awards (1) Presenter: Rising Star:	Light on podium “Reach”
	(2) Presenter: Rising Star:	“It’s a Wonderful World”
	(3) Presenter: Shining Star:	“A Star is Born”

(4) Presenter: Shining Star:	"One Shining Moment"
Song: The DaVita Way	Graphics to screen
(5) Presenter: Fulfillment –	"Hero"
(6) Presenter: Accountability –	"Reach"
Any special announcements and "Oh When DaVita"	Music: "Oh When the Saints" DaVita version (1st 2 DaVita verses)
(7) Presenter: Continuous Improvement –	"Chariots of Fire"
(8) Presenter: Service Excellence –	"Wind Beneath My Wings"
(9) Presenter Team –	"We Are Family"
Leave special or highest honor as last award(s) given. Example: KT to intro Chairman's Award	Video: Past Chairman's Award video
(10) Chairman's Award	IR#-Forrest Gump Under score Walk up: MIM – Training to be King
(11) Chairman's Award	IR#-Forrest Gump Under score Walk up: MIM – Heart of a King
Executive wraps with: Proclamation – A200	Have LAV on IR# 31MIM –Surrounded
OFA cheer (turn lav on)	
Play "Celebration" – Kool and the Gang	"Celebration"
Executive walks off. Dancing begins	

*MIM= Man in the Iron Mask

Core Value Awards

“A community produces most what it honors most.”

- KT, our Founding Mayor

Core Value Awards are a way of honoring teammates for living our Core Values.

As a leader in the DaVita Village, we should always be watching for examples of our teammates exhibiting The DaVita Way and our Core Values in action. Honoring their actions is a wonderful way for you to create Village spirit!

Who is eligible:

ALL teammates are eligible to receive a Core Value Award.

How to do it:

Make it special! It's very important to honor teammates who are consistent role models for one of our Core Values with an award, so ensure the ceremony feels special.

Core Value Awards:

- Ensure nomination forms (download at DaVitaWay.com) are available to all teammates in a central location.
- Order Core Values pins and certificate(s), if desired, through the DaVita Store. From the DaVita Store home page, click FOR ALL TEAMMATES and choose CORE VALUE RECOGNITION. To order a plaque, submit a Creative Request Form to Wisdom Creative Services.
- Fill out a nomination form and privately share it with your manager to ensure you are aligned and agree with the nomination.
- Based on the nomination form notes, prepare and practice what you will say. Short and specific is usually best:
- Prepare by writing down the key behaviors that you observed or want to honor.

- Include the impact that their behaviors had on you, the team, the patients, etc.
- An example script is provided in this document for you to follow.
- Make sure whatever you write is thoughtful and authentic.
- Choose a day/time you feel appropriate to honor the teammate.
- Keep the name of the recipient secret, but when ready, announce ahead of time that an award will be given to “a teammate” and gather the team.
- The recipient **MUST** speak! Even if they don't want to, this is a critical part of the Core Value Award process—that they express their thoughts and feelings, however brief, in the moment.
- Get a picture (or video) of the award recipient with you and any other managers that are present, and display or provide to the recipient so they remember the event.
- Share the special moment with #DaVitaWay!

Find all forms, outlines and pricing at DaVitaWay.com > Find Tools to Lead The DaVita Way > Honor a Teammate with a Core Value Award



HESKETH000249

Military Tribute Example Verbiage/Setup

At DaVita, we don't take a position on whether we should be taking any particular military action. Rather, we honor those who make a commitment to serve our country and the world around us to protect our freedoms.

"Each year we are privileged to honor and recognize our brave teammates who have given of themselves in the service and defense of our nation.

This diverse group of reservists, guardsmen, and former active duty and retired military members works alongside us every day and it is important that we recognize them as the heroes they truly are. Each has personally helped ensure our freedom and way of life.

It is important that we also give special recognition to those teammates with family members currently serving on active duty in the armed forces."



“On DaVita”

(to the tune of On, Wisconsin)

On DaVita, On DaVita
Provider of Choice

Partner of Choice as well, and Best Employer
That’s our Mission

On DaVita, On DaVita
New! Ours! Special!

One for All and All for one
We’re all DaVita’s team

“When The Saints Go Marching In” – Version 1

Oh, when DaVita
Oh, when DaVita
Oh when DaVita comes marching in
Oh how I want to be a team member
When DaVita comes marching in
Oh when that team
Oh when that team
Oh when that team achieves the Mission
Oh how I want to be a team member
When that team achieves the Mission

“When The Saints Go Marching In” – Version 2

When you want to honor someone for helping us in living the DaVita Way,
supporting our Mission, use this song for a fun way to thank them!

Oh, when DaVita
Oh, when DaVita
Oh when DaVita comes marching in
Oh how I want to be a team member
When DaVita comes marching in
Oh when [insert our friend of DaVita name here]
Oh when [name]
Oh when [name] comes marching in
We know that you care for our patients
Oh, [name], we thank you!

Night of Honor Songs

Reach
It’s a Wonderful World
A Star is Born
One Shining Moment
Hero
We Are Family
When the Saints Go Marching In
Chariots of Fire
Wind Beneath My Wings
Training to be King (from Man in the Iron Mask)
Heart of a King (from Man in the Iron Mask)
Celebration

Harnessing Academy Energy

Teammates who attend DaVita Academy come back more engaged, energized, and ready to take the lead in making things better in the Village. Data shows they also enjoy increased self-awareness, emotional intelligence (EQ) and fulfillment, and stay with us longer. In some cases, Academy has a truly transformational impact on their lives.

But if the principles and behaviors they have learned are not regularly reinforced, it's all too easy to slip back into old habits. Don't let the post-Academy enthusiasm dwindle. Consider the following best-practice ideas, collected from Village leaders over time, to help you keep the momentum going and keep your team strong!

TOP 5 Best Practices in Harnessing Academy Energy

- 1) You go to Academy first, so you can relate to teammates as they return.
- 2) Send teammates in pairs.
- 3) Before they go, have conversations with your teammates to encourage them to be open and enjoy. Upon their return, offer to support them in any way possible in accomplishing their One Thing.
- 4) When teammates return, allow them to share something about their Academy experience in a Homeroom Meeting. (They may want to share their Personal Credo, their One Thing, what they got out of the experience, etc.) Encourage them and welcome their ideas.
- 5) Allow that teammate to take the lead on One Thing to improve in your department or center, based on their experience.

Best Practices in Academy Participation Processes (collected from leaders over time)

- You go first! (definition of a “leader”)
- Assign a Town Crier or Ambassador who can go early; a high-energy teammate who gets our Mission and Core Values and The DaVita Way.
- Encourage teammates to attend in their first 90 days, and in pairs (this builds momentum).
 - Can have team elect who goes. This lessens resentment and reduces pressure on manager.

- Manager should establish criteria.
- Graduates tell new teammates about their Academy experience and what to expect.
- Set expectations in advance.
- Academy is not just a party, but a program to help you grow personally and professionally.
- The teammate and supervisor should understand their Academy goals (establish and evaluate these in meetings with the teammate both before and after).
- Emphasize: “You represent our team.”
- Frame the experience: Have a formal sendoff with a clear objective, and welcome them back with a public forum.
- They should report back on the impact Academy had on them, their life.
- Involve teammates who don't go.
 - Let them help prepare a list of Town Hall questions for teammates to take to Academy.
 - Honor and thank those who picked up coverage while teammate was out at Academy.
 - Create a small “care package” and give those who attend.
 - Upon teammate's return from Academy:
 - Teammate reports about their experience, their “One Thing” or anything else they choose, in a Homeroom Meeting.
 - Teammate asks for support they need in order to keep up with their “One Thing.”
 - Teammate shares their Personal Credo (especially critical to share with their loved ones).
 - Teammate shares Academy pictures.
 - In a Homeroom Meeting, determine what your team will do differently going forward.
 - Create a Wall of Fame for Academy grads (fun, pictures).
- Re-evaluate how graduates are doing with their “One Thing” 90 days after Academy.

Additional Ideas to Sustain the Energy and Enthusiasm

- Commit to sending specific numbers of teammates to Academy each year. Plan for this number while budgeting.
- Elect the most spirited graduates to serve as a Red Shirt.
- Meet quarterly with alumni.
- Regularly announce upcoming Academy openings in Homeroom Meetings.
- Develop a toolkit for attendees (a going-away travel kit).
- Assign an alumni buddy (teammate who has already attended) to answer questions pre-attendance and follow up post-program.
- Celebrate when your teammate returns! Hang a sign, have a cake.
- Institute teambuilding exercises on an ongoing basis.
- Encourage personal, non-clinical or work-related takeaway goals.
- Create small groups within your team. Do follow-ups 6-12 months later to report how the team is different.
- Establish an Academy committee for ideas to sustain energy.
- Build an Academy alumni association to share ideas, activities.
- Have a manager or teammate write a note to the new graduate's family thanking them for supporting their Academy experience and allowing them to attend.
- "Pass the torch" with an object that goes to each Academy with someone from your team.
- Sponsorship of another teammate: allow fellow teammates to sponsor the next attendee from the team.
- Meet with your teammate before they attend. Get them excited, tell them your experience and communicate your expectations.
- Facilities/departments whose teammates have already attended can help cover nearby facilities so their teammates can attend.
- Create an "Academy Experience Bulletin Board" or have each attendee create a poster.
- Alumni can have monthly Academy alumni luncheons where they brainstorm and plan new ideas.
- Have some of your Academy alumni create your Wall of Fame.
- Use an Academy alumnus as an activities coordinator, DaVita Way Ambassador, party planner, awards planner, political action campaign manager, Chief Fun Officer, etc.
- Upon return, attendee writes a letter to themselves about personal expectations and "how I'll keep up with my One Thing."

- First project when teammate comes back home is focused on the area of their passion.
- Graduate starts an improvement project on something that hasn't been working.
- Manager creates a list of "things I'd like to get done in the facility but have never had the time." When they return, the Academy attendee picks something to lead from the list, giving them true ownership.
- Ask teammate to lead a Start, Stop, Continue meeting.
- Teammate leads a conversation around your team's Compelling Purpose / Triple Crown Goals.
- Teammate shares what they learned about their communication style.
- In a Homeroom Meeting, the teammate talks about one new Village program or department they learned about.

Additional Ideas for Academy Alumni

- Plan a welcome home for graduates.
- Create an Academy game to play as a team, as each participant departs or arrives back.
- Create a special wall for pictures, or make a scrapbook.
- Continue reporting one thing each week until they pass the baton to the next Academy grad.
- Applaud or sing a special song for the returning graduate (public recognition and celebration).
- With the whole team participating, have a before-and-after self-assessment of attitudes.
- Rotate the head of the Academy committee to the most recent grad.

Have an idea for this list that works well for you?
Email us at DVU@davita.com so we can add it!

DaVita Academy

Graduation Proclamation

When you are ending a big meeting or big event in your area, you may use this proclamation by first explaining that each DaVita University Program, since its inception back in 2000, has had a proclamation to honor the graduates. Every proclamation has been written by our Mayor, KT. We honor your hard work, and all that you do, by officially concluding our time together.

Hear ye, hear ye, on this the 9th day of March in the year 01 NC (New Company), on behalf of this fair and true company, the company that is new and is ours and could be special, we do proclaim the following:

Whereas, you work hard in your centers, some of you traveled a long distance to enroll in this Academy, and all of you have given up time with your loved ones.

Whereas, your job back at home is among the most difficult in health care... but can also be among the most rewarding. However, it cannot be rewarding unless you are provided with the right tools and training to grow and to help your team grow.

Whereas, this Academy was created based on the premise that we, the citizens of the DaVita Village, never forget that we have accepted responsibility for the essential care of fellow human beings... and we, the company, have committed to invest millions of dollars in our personal and professional growth, that we may do it well.

Whereas, we have staffed the Academy faculty with many of the most senior executives of the company, because they have the most to teach... and the greatest need to learn.

Whereas, as individuals and as a company, we will make mistakes... but we will admit them, learn from them and grow from them.

Whereas, it is said that it takes a village to raise a child, similarly, it takes a team to treat a patient, and it takes a great team to give them great care.

Whereas, as to the meaning of life... we hold the conviction that one does not search for and find it, but rather one works for and builds it.

And finally, whereas, while no one makes an unqualified commitment to a company, many of us actually believe in One for All and All for One...

Candidates for Graduation from DaVita Academy, please stand.

Therefore, by the powers vested in me by generations of patients past, present and future, with serious respect, sincere gratitude and warm affection, we hereby proclaim you graduates of the DaVita Academy and leaders of our community in its quest to build the Greatest Health Care Community the World Has Ever Seen!

One for All... All for One!

One for All... All for One!

One for All... All for One!

DaVita-ese

A GUIDE TO OUR TERMINOLOGY AND ACRONYMS

A

49er	Data analyst
ABM.....	Area biomedical manager
Academy	A DVU course that serves as a teammate's introduction to DaVita philosophy, culture and leadership skills; prerequisite for most other DVU programs
ACOI.....	Acute clinical outcome indicators
ACSS	Acute Clinical Services specialist
ACT.....	Activate a Core Team; risk mitigation
AIMS	Agreement Information Management System, a contract database used by Neighborhood (corporate office) teammates
AFE.....	Authorization for expenditure
ARF.....	Acute renal failure
ATC.....	Air Traffic Control, a governance process used to manage the flow of initiatives to our clinical teammates
Ation Station Daze	A clinical, hands-on DVU program designed to acquaint direct patient caregivers in acquired facilities with a number of DaVita policies, procedures and skills

B

BART	Biomedical application repair tracking
BB.....	Bridge Builders
BCR.....	Blood culture rate
BH.....	Backup hemodialysis
BOM.....	Biomed operations manager
BORIS.....	A billing and accounts receivable application for DaVita
BSS.....	Biomedical services specialist

C

CAM.....	Centralized anemia managers
CAMP.....	Continuous Accountability Management Program, a DVU course for acute teammate leaders
CathAway	Vascular Access Management program to help transition hemodialysis patients from a dangerous access (central venous catheter, or CVC) to a safer, longer-lasting fistula (preferred) or graft
CBO	Central business office
CE.....	Clinical Enterprise
Chief Wisdom Officer (CWO) ...	Head of the Wisdom team; oversees education, training and culture for the Village

CIM.....Centralized infection manager

CMS.....Centers for Medicare & Medicaid Services, a federal agency that administers the Medicare program

Community first, company second How we strive to behave within the Village

Crossing the bridge.....Choosing to come to work every day not just intending to do a solid day's work, but intending to make DaVita a special place by being yourself, while living our Mission and Core Values

CSS.....Clinical services specialist or ChairSide Snappy

D

DAH.....DaVita at Home, our home dialysis team

DaVERT.....DaVita Emergency Management, previously known as DaVita Village Emergency Response Team

DaVita Basic Training.....Mandatory clinical education training that new PCTs, RNs, and LPN/LVNs undergo before they can receive an independent patient assignment

DaVita University.....Training and education department of DaVita that offers continuous quality improvement programs and courses in leadership and team development, clinical education, presentation skills, etc.

DaVita Way.....The DaVita Way means that we dedicate our Head, Heart and Hands to pursue the Mission, live the Values and build a healthy Village. It means that we care for each other with the same intensity with which we care for our patients.

DCF.....DaVita Children's Foundation, a Village Program

D-COMM.....DaVita Communications team

DCR.....DaVita Clinical Research

DCS.....Director of Clinical Services

DDN.....DaVita Daily News, our electronic teammate news page on the VillageWeb

DFA.....Divisional financial analysts

DFC.....Dialysis facility compare

DIL.....Day in the life

DKC.....DaVita Kidney Care; abbreviation for internal use only

DQI.....DaVita Quality Index

DQW.....Dialysis quality water

DSS Leadership.....A DVU program that introduces teammates to what a leadership position in the Village entails by providing an overview of management skills and responsibilities

DUCK.....Discontinued tool for physicians, dietitians, social workers and nurses to access our online clinical, demographic and insurance information on our patients (system has been replaced by Falcon Dialysis)

DVA.....DaVita's stock market symbol

DVN.....DaVita Village Network

DVP.....Divisional vice president

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DVU	DaVita University
DWOC	DaVita Way of Caring: start with the heart, put patients at the center of their care
DWOG	DaVita Way of Giving, a form of teammate-directed giving to local charities
DWOL	DaVita Way of Leading, a DVU course
DWOM	DaVita Way of Managing, a DVU course
DWOT	DaVita Way of Team, a DVU course

E

EBITDA	Earnings before interest, taxes, depreciation, and amortization
ELIE	A dialysis center local information search tool that is used to search and retrieve center/office demographic detail as well as general billing, financial, teammate and physician data
EP&P	Electronic Policies & Procedures

F

FA/GFA	Facility administrator/group facility administrator
Falcon	Proprietary software application used by dialysis center teammates to document patient assessments, plans of care and progress notes
FAST	Facility Administrator Success Training, a DVU course
FDOD	First date of dialysis

FHM	Facility health meeting
FHR	Facility health record
FIM	Facility infection manager
Five-Star	CMS dialysis facility performance rating program
FluidWise	Fluid management clinical initiative
FMR	Focused medical review

G

GBM	Group biomedical manager
G-Force	DaVita's Government Affairs team
GSD	Getting stuff done; sometimes referred to as our unofficial 8th Core Value
GHCTWHES	Greatest Health Care Community the World Has Ever Seen
GSS	Guest Services specialist
GVP	Group vice president

H

Head, Heart and Hands	Represent our belief in/commitment to our Mission and Values, Village and Vision; passionate care for our patients, our teammates and our Village; and actions to live out our Mission, Values, and other things we care about to get stuff done (GSD)
HGL	Home group lead
HHD	Home hemodialysis

Hickory Group..... Made up of field vice presidents
(aka divisional vice presidents) and the
Palmer Team

Hilton Group. Kidney Care vice presidents and above

HMT..... Hospitalization and missed treatments

Home Base Camp A program developed by the National
Home team to acquaint home managers
and nurses with the management of
Home programs

HSG Hospital Services Group

I

ICHHD In-center hemodialysis

ICND In-center nocturnal dialysis

IDT Interdisciplinary care team

IDWG..... Interdialytic weight gain (weight gain
between treatments)

IKC Integrated kidney care

IronWorks. A protocol for iron management

ISS..... Insurance support specialist

IVY InVentorY; the application commonly used
by facility teammates to track inventory at
the clinic

J

Justice League DaVita's Legal team

K

KCI Key clinical indicators

KT..... Kent Thiry, chairman and CEO of DaVita;
known inside the Village as our Mayor

KTCF KT Community Foundation,
a Village Program

KTFF..... KT Family Foundation, a Village Program

L

Local Motion..... A DaVita program that encourages
teammates and physicians at the facility
level to evaluate medications, products
and business processes

M

MAGIC..... Making Adequacy Gains and Improving
Care, a program to improve
patients' adequacy

MBD..... Mineral bone disorder

Medicare OEP Medicare Open Enrollment Period

Meds Matter Medication management program, a
clinical initiative

MVP..... Most vulnerable patients

N

NAG Non-acquired growth

Neighborhoods DaVita's central business offices

New, Ours, Special Used in call-and-response phrases that
remind DaVita teammates of what our
company is, whose it is, and what it could be

NHHD Nocturnal home hemodialysis

No Brag, Just Fact A call-and-response tradition that usually follows the announcement of a special achievement by our Village

O

Oasis DaVita term for our break rooms

OCMO Office of the Chief Medical Officer

OMG Ordering Made Great or inventory ordering

One For All and All for One Our call-and-response tradition to express dedication to our teams

ONS Oral nutrition supplement

P

P&P Policies and procedures

Palmer Groups Divisions of dialysis centers across the United States

Palmer Team Made up of senior vice presidents of each Palmer Group

PALS Procurement And Logistics Support

PD Peritoneal dialysis

PDR Professional development review, a performance appraisal tool

PFE Patient financial evaluation

Pharos Online formulary exception request tool

Phoenix Group 600+ leaders who democratically chose our Core Values and the new company name, DaVita, in 2000, and committed to a Vision: To Build the Greatest Dialysis Company the World Has Ever Seen

PIC Patient intake coordinator

PIF Patient Information Form

PM Program manager (HHD & PD)

POC Point of care, plan of care or plan of correction

POS Point of service

PPE Personal protective equipment

PRD CMS publicly reported data

PS People Services

PSD People Services director

PSM People Services manager

Q

QIP CMS quality incentive program

QUEST Audit and Compliance team (Quality, Understanding, Ethics, Service, Training)

R

RCG Relative competitive growth

RDN Registered dietitian nutritionist

Reality 101 A foundational DVU course which gives newly hired, non-clinical senior leaders hands-on experience in the clinical side of our Village

HESKETH000259

Redwoods	A ~12-month leadership development program for post-MBA teammates to serve in corporate and field roles across the Village
Reggie	Registration system that houses DaVita Kidney Care patients' demographic and insurance information
RIC	Regional intake coordinator
Riskbusters	Internal risk management
RLC.....	Renal Leadership Council Trade Group; members are DaVita, Gambro, Renal Care Group and National Nephrology Associates
RO.....	Reverse osmosis, a water treatment
ROC	Regional office coordinator
ROD/GROD	Regional operations director/group regional operations director
ROPS	Revenue Operations
RPRD	Regional point registered dietitian

S

SBI	Strategic business units and DaVita Clinical Research, such as DaVita Labs, that provide support services to patients and/or teammates
SCG.....	Same center growth
SDCS	Senior director of Clinical Services

Sending forth ripples.....	How we positively impact our neighborhoods, communities and our world with our time, talents and resources
SHAPE.....	Stable Hemoglobin Anemia Program Effort, a protocol for ESA management
SHC	Snappy Home Charting, home documentation and plan of care billing platform for both PD and HHD
Sherpas	Volunteer teammates who conduct tours of Denver's Casa del Mundo for visitors
Shining Star.....	A clinical teammate selected to accompany their FA to Villagewide on the basis of their living The DaVita Way, our Mission and Core Values; aka Villagewide Shining Star
SIP.....	DaVita's Student Internship Program
Snappy.....	Software used in our dialysis centers that records, houses and protects all clinical data
SNP.....	Special needs program
SOED	School of External Degrees
SOLM.....	School of Leadership and Management
SOS.....	Survey Outcomes Support team
SOX Team	Sarbanes-Oxley Act of 2002 team
SPA.....	Single Patient Agreement; an agreement with a payer establishing payment rates for services to a single patient
StarLearning	DaVita's online learning portal
StepAhead.....	Diabetes management program, a clinical initiative

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SVP..... Senior vice president

SWB..... Salary, wages and benefits

SWC..... Salary, wages and contract labor

T

TAMS Thriving After Military Service,
a DVU program

Team Artemis Coordinators who compare the MONTH
Monthly file to the Master Hospital List
to identify the correct hospital name
and unique hospital ID; they then send
requests for medical records using this
identifying information

Team Excelsior..... Generates the MONTH Monthly File,
which lists hospital events for the last nine
months from the current month and sends
it to a 49ers data analyst

Team Genesis..... Team responsible for designing and
building new facilities

Team Mercury DaVita Marketing and
Communications department

Team Pegasus..... DaVita's corporate development
team; sales

The Story of the Dancing Star... (See Section 2) The star lives in a lush
green valley and comes out to sit on top
of the "i" when a DaVita teammate does
something special for a patient or a fellow
teammate; because a teammate is always
doing something special at any given
moment, the star is always "out"

Three Musketeers The Alexandre Dumas novel whose
characters inspired DaVita's "One for All,
All for One" motto; see Section 2

TLH..... Total labor hours

TM Teammate

TMSS Teammate Self Services

TOC Transition of care, post hospitalization

Trilogy of Care Caring for Our Patients, Caring for Each
Other, Caring for Our World

TW Target weight

U

UAT..... User acceptance testing

V

V2V..... Veterans to Village, a DVU program

VAM..... Vascular access manager

Village DaVita's name for our company

VillageWeb DaVita's intranet site

W

We Are Here.	An award given to selected clinical teammates with no absences for a quarter; also, a cheer competition held at large Village gatherings to show that we are present in body and spirit
WE CARE	Our caring behaviors: Welcome, Empathize, Connect, Actively listen, Respect, Encourage
Weigh Right	Initiative designed to help the team improve accuracy of pre/post weights and target weight
Welcome Wagon	The team that handles hiring and onboarding processes and requirements
We Said, We Did	Call-and-response tradition celebrating our commitment to our Core Value of Accountability
WipeOut	A clinical program to decrease infections
Wisdom	The Village team whose members are torchbearers for learning, our culture and our Village
Workday	A People Services tool for teammates that houses personal and team information about pay slips, time off, birthdays, anniversaries, etc.

Y

Yoda	A founding member of our Village; former SVP and chief Wisdom officer
Yo, DaVita!	Kent Thiry's call-and-response greeting to teammates during meetings

Health Care Terms

IMPORTANT FOR TEAMMATES TO KNOW

A

ACA	Affordable Care Act
Access	The place in a person's body where the bloodstream may be accessed for hemodialysis (usually in the forearm), or where the peritoneal cavity may be accessed for peritoneal dialysis (in the lower abdomen)
ACO	Accountable Care Organization
AKI	Acute kidney injury, interchangeable with acute renal failure (ARF)
Anaplan	Facilitates various planning, reporting and business modeling processes for Team Atlas leaders, managers, field leadership, and FAs
AOR	Adverse Occurrence Report
ARF.....	Acute renal failure, interchangeable with acute kidney injury (AKI)
AVF.....	Arteriovenous fistula, the preferred type of hemodialysis access
AVG	Arteriovenous graft, a type of hemodialysis access

B

BCR.....	Blood culture rate
BOM.....	Biomed operations manager
BSI	Bloodstream infection

C

CC.....	Clinical coordinator
CE.....	Clinical Enterprise
CHF	Congestive heart failure
CKD	Chronic kidney disease
CMS	Centers for Medicare & Medicaid Services
COPD.....	Chronic Obstructive Pulmonary Disease
CNM.....	Clinical nurse manager
CVC	Central venous catheter, a hemodialysis access that may be used immediately but is considered temporary, as it is prone to infection

D

DCS	Director Of Clinical Services
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E

EMR	Electronic medical record
ESCO	ESRD Seamless Care Organization
ESRD.....	End stage renal disease

H

HHD.....	Home hemodialysis
HIE.....	Health information exchange
HIPAA.....	Health Insurance Portability and Accountability Act

I

ICHD.....	In-center hemodialysis
ICND.....	In-center nocturnal dialysis
IKC.....	Integrated kidney care
IPA.....	Independent Physician Association

L

LVN.....	Licensed vocational nurse
----------	---------------------------

M

MA.....	Medical assistant
MD.....	Medical director
MDV.....	Multi-dose vial

N

NHHD.....	Nocturnal home hemodialysis
NHSN.....	National Health Care Safety Network
NP.....	Nurse practitioner

P

PA.....	Physician assistant
PCP.....	Primary care physician
PCT.....	Patient care technician
PD.....	Peritoneal dialysis

Q

QIP.....	Quality Incentive Program
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R

RD.....	Registered dietitian
RN.....	Registered nurse

S

SDCS.....	Senior director of Clinical Services
SDV.....	Single-dose vial
SNF.....	Skilled nursing facility, similar to a nursing home but providing skilled nursing care and/or rehabilitation services
SW.....	Social worker

U

UFR.....	Ultrafiltration rate
USRDS.....	U.S. Renal Data System

Stanford Graduate School of Business Case Study

DaVita: A Community First, A Company Second

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Companies can be a formidable force for good in the world without sacrificing or ignoring their responsibilities to their shareholders. —Kent Thiry, CEO, DaVita¹

The enterprise has the potential to have a higher purpose beyond maximizing shareholder value. —John Mackey, CEO, Whole Foods²

On November 1, 2012, DaVita, a leading provider of kidney dialysis services, finalized its merger with HealthCare Partners, which owned and operated medical facilities and physician networks. The merger would expand DaVita's business to include a broad range of medical services. But it also raised questions about whether, and how, the unique DaVita culture could be extended to this new line of business.

DaVita had made remarkable progress since Kent Thiry had taken over as CEO in 1999. At that time, Total Renal Care, as the company was then known, was technically bankrupt, the subject of a U.S. Securities and Exchange Commission investigation, and being sued by shareholders. The basis of the turnaround had been unconventional, but had resulted in DaVita becoming one of the world's most admired companies, with 2012 revenues of \$7.53 billion and net income of \$641 million, and more than 53,000 "teammates" (as DaVita referred to its employees). A key focus of the management team had been on creating a strong and positive values-based organization in which there was a shared mutual commitment between teammates and the company to creating the DaVita community. The company consisted of more than 1,900 clinics staffed by teammates working in difficult conditions. Many of the patients were critically ill—industry-wide, about 18 percent would die each year—which could be a difficult emotional strain on those who treated them during four-hour dialysis sessions, three times a week, sometimes for years. Creating a strong DaVita community brought these teammates together in a way that enabled both clinical and financial success.

The centerpiece of what would become the DaVita culture was its Vision, Mission, and Core Values, which began as a list of values created by DaVita teammates, then narrowed down and voted on by 600 of the company's managers (mostly nurses and clinicians) in 2000. This practice of democracy was critical to the creation of the unique culture at DaVita, and was practiced widely throughout the company. To the management team, the company's rebirth strategy was based on the belief that in order to achieve their vision of "building the greatest dialysis company the world has ever seen," they had to create something larger than themselves in order to be successful—to be a "Community First, and a Company Second." The term "village" began to be used instead of "company," "teammates" or "citizens" instead of employees or staff, and Kent Thiry, known as "KT," became the Mayor of the DaVita Village as well as CEO of the company. To the leadership team of DaVita, language mattered, and the fact that people from all titles or roles had a voice, a vote, and were leaders in the turnaround made all the difference.

¹ Presentation at the Stanford Graduate School of Business, November 17, 2011.

² Presentation at the Stanford Graduate School of Business, January 26, 2010.

This case was prepared by David Hoyt, Davina Drabkin, and Professors Charles O'Reilly and Jeffrey Pfeffer as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. It draws extensively from an earlier case (OB-54) prepared by Professor Jeffrey Pfeffer in 2006.

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By 2012, DaVita was an extremely successful kidney care company. But the merger with HealthCare Partners (HCP) would potentially test the DaVita culture. HCP was about one-third the size of DaVita in terms of revenue, but in a very different business, and with different teammates. Rather than having technicians and nurses working in dialysis facilities where they saw the same patients several times each week, HCP consisted of physicians, nurses, and support staff working in clinics and hospitals where the patients visited less frequently and were more heterogeneous. Could the DaVita culture, so critical to the company's success, be incorporated into the culture of HCP? Should DaVita even try? Or might the merger dilute the culture in DaVita's core dialysis business? These were important issues to consider as management from both firms planned the post-merger future.

Kidney Dialysis

Kidneys are twin organs located under the rib cage in the lower back, each about the size of a fist, that filter extra water, minerals, and toxins from the blood. Normal, healthy kidneys can process 18 gallons of blood each hour and produce as much as seven gallons of urine each day.³ Kidney failure can be caused by disease, genetics, or accidents, but by far the largest causes in contemporary society are high blood pressure and diabetes. Once the kidneys fail, a person has a condition known as "end stage renal disease." At this point, toxins must be removed from the body through some form of dialysis or patients will soon die. Moreover, once kidneys have completely failed, patients will invariably remain on dialysis for the rest of their lives, unless they are fortunate enough to find a donor and have a successful kidney transplant.

In 2012, there were almost 450,000 people in the U.S. receiving dialysis, over 110,000 new people started the treatment each year, and the average cost of treatment (including both outpatient and inpatient treatment) was almost \$90,000 annually per patient.⁴ The cost to Medicare for dialysis treatment was well over \$11 billion a year. The remaining cost was borne by private insurers or the patients themselves.

Since the two primary causes of kidney disease—diabetes and high blood pressure—were both increasing rapidly in the U.S. population, treating kidney disease was, unfortunately, very much a growth industry. Although some patients had the option to do a form of dialysis at home, almost 90 percent of dialysis was done at a center.

Key Success Factors for a Kidney Dialysis Company

There were four key factors for organizational success in both financial and clinical outcome dimensions.

Achieving Excellent Clinical Outcomes

Delivering good clinical outcomes was the first key success factor for organizational success. It was important to take care while connecting the patient to the machine, monitoring the treatment as it was occurring, and taking the patient off the machine at the end of the session. It was also critical to monitor the patient's health status generally so that treatment issues could be foreseen and addressed. Good clinical outcomes had many positive effects on the company.

Clinical outcomes also depended on the emotional tone and bond between the center's employees and the patients. The attitude and morale of the staff was essential to patient satisfaction and comfort because dialysis and late stage kidney disease were difficult.⁵ Patients had to come to the center for four hours or more three times a week, sit hooked up to a machine, and endure the pain of having two needles stuck in them. In addition, they faced numerous constraints on their diet, needing to be careful about sugar consumption, intake of protein, liquids (which they could no longer excrete naturally), and even ingestion of various minerals such as potassium.

These scheduling and diet requirements left the patients, in the words of one social worker, feeling as if they had almost no control over their lives. Most patients knew that although there were exceptions, once one went on dialysis, life expectancy was often not that long; patients on dialysis often suffered other diseases including diabetes and cardiovascular disease. Patients became depressed. Patients sometimes missed their dialysis appointments because they found the treatment and its logistics unpleasant. They might also fail to adhere to the various medication and diet regimens they were prescribed. Some patients even chose to end

³ http://www.fda.gov/fdac/features/1998/198_dial.html (accessed 2005).

⁴ Annual Medicare Spend, United States Renal Data System Annual Data Report (2012), <http://www.usrds.org/adr.aspx> (accessed August 4, 2014).

⁵ For a compelling account of what it is like to live with kidney failure, see Michael J. McCarthy, "The Choice: Years on Dialysis Brought Joe Mole to a Crossroads," *The Wall Street Journal*, November 3, 2005, p. A1, A9.

their treatment and, therefore, end their lives. According to DaVita's Clinical Research arm, between 2010 and 2012, about 14,000 DaVita patients, most within the last few weeks of their lives due to other medical conditions, voluntarily chose to cease their treatments, meaning that about one out of five deaths of patients on dialysis was a deliberate decision by the patients.⁶

Patient compliance with their treatment was, therefore, something that was critical to their long-term health and survival.

Attention to Detail

The second factor for success was painstaking attention to operational details, as well as compliance with government regulations. The kidney dialysis industry, and indeed, DaVita's predecessor's own history, was littered with billing problems. For instance, a company that charged the government, through the Medicare program, for services that were not actually delivered and/or were not documented, could face accusations of fraud and suffer financial penalties as well as delays in payment. Legal problems could

also arise from actually delivering care or medicines that patients did not need, as well as for improper relationships with drug companies or physicians that might entail kickbacks for patient referrals or purchases of pharmaceutical supplies.

For example, Fresenius, a large manufacturer of dialysis equipment and the largest provider of kidney dialysis services, paid a \$486 million fine in 2000 for billing irregularities;⁷ Gambro, a Stockholm-based company that manufactured dialysis products and ran clinics, paid a \$355 million fine just before DaVita inked a deal to acquire its U.S. clinics in 2004; and National Medical Enterprises essentially failed, its assets absorbed by Fresenius, because of billing problems.

Managing Financial Outcomes

The opportunity to make a financial difference in operational results rested largely on small but important behaviors and decisions. One such activity was carefully using supplies to avoid waste and maintaining appropriate stock levels so that inventory costs were not unnecessarily high, yet avoiding emergency ordering. Another activity was the clinically appropriate reuse of dialysis filters and maintenance of the dialysis

machines to ensure both long life of the equipment and lower cost per treatment.

Labor costs equaled approximately 40 percent of the total treatment cost, making efficient labor hour management possibly the most important factor in managing financial outcomes.

In the South Las Vegas dialysis center, for instance, it took an average of 2.47 labor hours for each dialysis treatment in the summer of 2012, compared to a budgeted norm of about 2.66 hours. Although that 0.19 hour difference might seem small, the center treated 75 patients, each of whom came for dialysis three times a week, so that small difference in labor hours per patient treatment translated to 42.8 hours saved per week at the center. Multiplied by the 52 weeks of the year and by all the centers at the company, a lot of money was involved. In 2012 DaVita did roughly 21,500,000 treatments. Each .01 savings in labor hours per treatment achieved across the company was worth about \$5 million; this savings went directly to the bottom line.

Employee Attraction and Retention

The final key success factor was the attraction and retention of employees. Dialysis companies competed for nurses with hospitals, doctors' offices, other health care providers, and each other, and the chronic nursing shortage in the United States meant there were always unfilled positions. Hospitals typically paid more per hour than DaVita or its competitors. Moreover, nursing attracted people with different motivations than in decades past, when nursing and teaching had been among the few skilled occupations available to women. Nursing had become well-paid and offered employment security because of the number of unfilled positions, so people were entering the profession not just from a sense of wanting to take care of others but also for career concerns.

Patient care technicians (PCTs), the largest category of employees in dialysis clinics, typically earned less than \$17 an hour. Only about 10 percent had college degrees. Because of financial constraints, dialysis providers could

⁶ DaVita Clinical Research, Patient Registration System.

⁷ Melissa Davis, "Fresenius Probe Deepens," The Street.com, April 6, 2005.

not afford to pay high overtime rates. As a result, many PCTs worked two jobs, with their second job often being for another provider of dialysis services. PCTs were often tempted to leave for better-paying opportunities, either with other health care providers or to find different occupations.

Retention of employees was important because turnover was costly, entailing finding and training replacement people, and possibly paying overtime labor rates if a center was temporarily short-staffed. High turnover could also impair clinical outcomes, because a nurse's or PCT's experience in doing dialysis and working in a team enhanced patient care outcomes.

DaVita's Turnaround: Developing A Unique Culture Total

Renal Care (TRC), the company that would be renamed DaVita in 2000, had been founded in 1994. Its founder, Victor Chaltiel, had previously started (and sold for a good profit) a business focused on cost savings obtained by large-scale purchasing and distribution systems for drugs in the Medicare reimbursement program. In his next venture, he planned to apply a similar approach to the kidney dialysis business.

The Rise and Fall of TRC

At the time, most dialysis was done at non-profit centers run by hospitals and physician specialists. Chaltiel built the business by acquiring small chains and individual centers, and applying strict business principles. During the Internet bubble of the 1990s, many analysts focused on top-line revenue growth, a practice that helped TRC achieve a high stock price, which in turn allowed it to continue making acquisitions at a rapid pace.

Unfortunately, Chaltiel and his team failed to integrate their acquisitions, leading to operational incoherence. For instance, there was little standardization in reporting and work methods across centers. There was no uniformity to a critical patient data form used to record and monitor patient care. The absence of standardization made routine management activities, such as transferring personnel and patients across centers, difficult if not impossible.

TRC also had significant cash flow problems. Insurers and the government (from whom TRC received insurance reimbursement) would frequently question charges and demand additional documentation. They would

occasionally unilaterally reduce the reimbursement amount, and delay payment until they received answers to queries and requested documentation.

Finally, senior executives paid scant attention to the dialysis centers themselves, which were seen more as an avenue of corporate growth where patients and caregivers were economic units in a bigger financial structure. This headquarter-centric, financially oriented operating culture did not win friends among the health care practitioners who worked hard in the field to deliver quality care.

In 1999, Total Renal Care ran into severe financial difficulties, having just recently merged with another large competitor that had also been built in a rapid fashion. The board of directors turned to Thiry, a Stanford undergrad, Harvard MBA and former Bain consultant, who had been the successful CEO of another kidney dialysis company, Vivra, and was in the process of leaving a private equity-funded managed care company. To help with the turnaround, Thiry recruited a number of key executives from his team at Vivra.

The Turnaround

When Thiry arrived at TRC in October 1999, the company was failing. It could barely make payroll, was in default on its loan covenants, and was paying penalties to the banks. Highly leveraged from its many acquisitions, it was technically bankrupt. The stock had fallen from nearly \$50 to \$2 a share. Systems were nonexistent or in chaos, and the organization's employees were dispirited and unhappy. It was not at all clear that financial survival was possible; TRC was barely functioning as a company.

With an acute awareness of the key success factors, one of the first things Thiry and his colleagues did was to begin assessing the talent in the company, moving people out who could not perform, and hiring people who could get stuff done ("GSD" remained a popular acronym in the company; being considered "good at GSD" was one of the highest compliments a teammate could receive).

The turnaround strategy had three fronts. One addressed quality of care and clinical outcomes. One addressed critical cash and operational issues. The third was less conventional. It focused on building the company's mission, values, and culture. While this addressed the challenges faced by

a company with many remote facilities, staffed by low-paid teammates, working in a difficult environment, it was pursued not as a “means to and end” to achieve business objectives, but rather as the right way to create the type of community DaVita strove to become both for teammates and patients.

Quality of Care and Clinical Outcomes

From the beginning of the turnaround, DaVita focused on the quality of care. Every management presentation began with the clinical outcomes, including presentations made to investment analysts. On the bulletin board in the centers where results were posted for the team to see, the clinical outcomes, captured in the DaVita Quality Index (DQI), were listed first before the financial measure of labor hours per treatment. The patients were, after all, people’s husbands, wives, fathers, mothers, and friends, and it was important to take good care of them. Good clinical outcomes also enabled DaVita teammates to take pride in working in a company that provided the best care in the industry, an advantage in recruiting and retention.

Morale and emotional commitment of the DaVita team was also essential to quality of care and clinical outcomes. Since teammate retention was critical for both business success and better patient care, being an employer of choice was an important objective for DaVita. Creating a community first, and a company second, was not only the right thing to do, it helped with the bond of dedication between DaVita teammate and patient that was essential to good clinical outcomes.

As previously described, patient compliance to their dialysis treatment plans was also an essential factor in clinical outcomes. According to various DaVita clinic teammates, one important factor affecting patient compliance was the extent to which patients felt comfortable with and trusting of the dialysis center and its staff. Creating an atmosphere of trust between the teammates was an important part of improving patient compliance, and thus clinical outcomes.

DaVita centers were typically decorated with pictures of patients and their families, as well as drawings made by them, their children, and grandchildren. The picture tradition was called the “Wall of Fame.” The goal was to have the centers look pleasant, be clean, and feel comfortable. This

was also seen as doing the right thing by investing in the physical space, creating a community first, company second. But more than that, as one administrator said, “It’s important that the teammates like their jobs and smile and relate in a compassionate way to patients, because that makes the patients feel better about being here.” Emotions are contagious, and as a community DaVita believed that creating positive, genuine emotions on the part of its workforce would improve the lives, and survival, of patients while also creating a more fun and fulfilling place for teammates to work.

Key Financial and Operational Imperatives

There were a number of critical financial issues that had to be tackled during the early days of the turnaround. For instance, there was a serious cash flow problem, so a team of people was sent to the billing office in Tacoma, Washington, to work on billing and collections problems. An example of how dire the situation could have become is when the government stopped paying DaVita for laboratory tests because of records and documentation issues. The company had to decide what to do with the patients whose lab tests were not being reimbursed. The team decided to continue performing tests that it felt were essential in delivery of care and to appeal the decision to an administrative law judge to attempt to obtain the denied funds. Four years later, after winning six successive judgments, the government paid DaVita over \$90 million.

There were also protracted and difficult negotiations with the banks, which essentially wanted the company to sell off parts of the business to pay down debt. After long and difficult discussions, the loans were restructured and the financial penalties for default stopped. The successful loan renegotiation illustrated the developing DaVita culture. A celebratory voice mail and video were sent to all of the centers. Part of building the DaVita community and culture was sharing information widely, communicating frequently, and celebrating victories and progress, always including references to the Mission and Values even when talking about “business issues.” To keep the Mission and Values alive and present, all teammate performance evaluations, even Thiry’s that was presented annually to the DVA Board of Directors, included them as part of the annual performance discussion. In addition, every 18 months all teammates were asked whether the Mission and Values were alive and well in their part of the company as part of a company wide engagement survey. This was a way of operating that became ingrained at the company.

They also had to make immediate operational improvements, such as bringing order to the chaos of the company information systems and establish common practices, measures, and information systems across the centers. Eventually, the immediate crises were overcome, and the company was able to gain control of its operations.

Building the DaVita Culture: Community First, Company Second

To Thiry and his team, the company's rebirth strategy was based on the belief that they had to create something larger than themselves in order to be successful—a "Community First, and a Company Second." They framed this in the metaphor of viewing the company as a "Village." Thiry commented:

The building of a successful company is a means to the end of building a healthy community. Because humans spend more waking hours at work than anywhere else, if you are a leader who purports to care about your team, it makes no sense to create a paradigm which concedes all that time needs to be spent in [a] relatively "vanilla values" or sterile emotional commitment environment.⁸

In order for operational improvements to be consistently adopted throughout the organization, for teammates to be highly motivated and engaged, and for the dialysis clinics to offer the highest quality, most patient-friendly care, the company had to develop a culture that would nourish these objectives. Thiry was adamant that "A mission must be simple and easy to remember and be measurable in some sense in relation to others." Thiry and his colleagues recognized that what they said and did in those first months would set the tone for the ensuing years at the company; they paid close attention to building the desired culture and organization while also proceeding with the business turnaround efforts.

Thiry described early meetings of the executive team in which they would spend time discussing basic issues, such as whether they could make payroll and their ongoing negotiations with the banks, and then they would turn to talk about the core values, culture, and operating philosophy they wanted to instill. When Thiry and Doug Vlcek, DaVita's first "chief wisdom officer," the senior executive who oversaw the DaVita University training and leadership development programs and ensured the DaVita Way was alive and well within the Village, would start talking about Mission and Values,

many of the executives were very skeptical about the value and intent of this activity when the company was in such dire straits. Thiry believed that without a clear statement of Mission and Values, the operational turnaround could not be sustained.

A big part of the new philosophy was to recognize that the centers, where patient care was delivered and where most DaVita teammates worked, were key to the company's success. To emphasize the importance of the centers, Thiry had all senior managers, himself included, "adopt" a center and drop by occasionally. Thiry's center was in Hayward, California, and long after his last visit, people in the center were still commenting on his attention to them. This program was later revised to the practice of having everyone hired in or promoted to the director level or above go through "Reality 101," which involved clinical training and spending several days in a facility. As Thiry explained, it was important not to push people to do things they felt uncomfortable or unskilled at doing, but it was also important for people to experience what it was like to get up at 4 o'clock in the morning to get to a center at 5 a.m. so it could be open for the first patients at 6 a.m., and to see what life in a center was about.

Thiry and the senior management group understood they needed the involvement, cooperation, energy, and ideas of the clinic managers, the front-line supervisors who make the centers work. In May 2000, more than 600 teammates from across the country assembled in Phoenix, Arizona, for the first of what became an annual ritual of a boisterous, enthusiastic, corporate-wide meeting. The choice of location, Phoenix, was intentional, as the phoenix is a bird that rose from the ashes, just as the company was seeking to rise from its precarious condition. At this first meeting, suggestions for a new name for the company were presented (at the time, the company was still named Total Renal Care). It was the company's teammates, not the board or just the senior management, collectively assembled at this off-site, who voted on and thereby chose the new name, DaVita, which is an approximate translation of the Italian phrases "giving life" or "he/she gives life."⁹ Also at that meeting, groups discussed, debated

⁸ Kent Thiry e-mail, November 27, 2005.

⁹ "Total Renal Care Announces New Company Name," Investor Relations-DaVita, June 5, 2000.

and voted on proposals for the core values. Exhibit 1 shows the mission statement that Thiry presented at the meeting and the core values decided upon by the Phoenix delegation. Over the years, the seventh value, “fun,” was added by another election. The most recent Phoenix meeting, held in Washington, D.C., and known as the “Villagewide Meeting,” was attended by more than 3,500 teammates.

These values could be seen in the continuous quality improvement (CQI) process introduced early in the turnaround. This process was used to improve all aspects of the company, from operations to clinical outcomes. It was designed to be simple, fun, engaging, and energizing for teammates of all levels. This created ownership; turning things around was everyone’s job, not just the responsibility of executives. All teammates learned CQI, and they created their own improvement projects. Once projects were deemed successful and showed clearly measureable improvements, they were shared across the entire company. The CQI program illustrated the company’s culture of democracy and of considering everyone to be a leader—attributes that were critical to the turnaround.

For much of the first 18 months, Thiry and Joe Mello, DaVita’s COO at the time, would hold frequent conference calls with the top 800 or so people in the company to update them on progress. As part of each call, Thiry would say, “What is the incremental evidence that we are serious about our Mission and Values?” And then he would provide an answer to that question. Thiry commented, “There were many periods where, absent the pressure of knowing I had to ask and answer that simple question out loud in front of 800 people, in many instances I would not have launched another program, or policy, or communication. They would have been squeezed out by the harsh realities of normal business—like they normally are.”

Growth And Success: 2012 Snapshot

With increased focus and attention to operational details, the commitment of the company’s teammates, and the bank negotiations behind it, DaVita embarked on a remarkable transformation in its performance. Since the launch of the turnaround, the company had achieved consistent, year-over-year improvements in clinical outcomes and reductions in turnover. Those improvements were matched by DaVita’s financial returns (Exhibit 2).

The DaVita Quality Index (DQI), which combined several clinical outcome measures as well as mortality into a single index, was implemented in 2005 with an initial value of 54.5. By 2012, it had risen to 79.5. Mortality rates had declined from 19 percent in 2000 to just under 14 percent in 2012, putting DaVita well under the industry average of 19 percent. DaVita benchmarked its clinical outcomes against the industry, including Fresenius Medical Care (FMC), which held the largest market share and was DaVita’s chief competitor. At the end of 2011, Fresenius held approximately 36 percent of the market and DaVita 35 percent, with the remaining dialysis clinics (almost 30 percent of the market) owned or controlled by hospitals or non-profit organizations. DaVita had developed a reputation for outperforming the industry, and in 2012, it led the broad industry on key dialysis outcomes such as access, adequacy, nutrition, and vaccinations.¹⁰

DaVita’s financial results showed tremendous growth as well. Revenue had steadily increased from \$1.45 billion in 2000 to \$7.53 billion in 2012 and was mirrored by the stock price shooting up from \$5.28 at the end of 2000 to \$60.02 at the end of 2012 (see Exhibits 2 and 3). The company earned many awards, including Fortune Most Admired Companies, Best Places to Work, Modern Healthcare 100 Most Influential, Best for Vets, and Bloomberg Top 50 Performers. DaVita had pursued numerous initiatives since the turnaround—pharmacy services, renal case management, hospital partners, and domestic and international acquisitions—all of which contributed to its growth and success.

Despite DaVita’s clinical and financial accomplishments, it and others in the dialysis business had been plagued with charges of pharmaceutical overuse and paying kickbacks to doctors. These types of investigations were common in the healthcare industry. In one example, a former DaVita teammate filed a lawsuit in 2002 accusing DaVita of deliberately wasting Epogen, an anemia drug used for increasing red blood cell count in kidney patients, to reap hundreds of millions in extra Medicare payments.

¹⁰ Data in this paragraph from DaVita.

¹¹ Michael Booth, Christopher N. Osher, “Dever-based DaVita settles case on overuse of kidney care drug,” The Denver Post, July 4, 2012, http://www.denverpost.com/ci_21002816/denver-based-davita-settles-case-overusekidney-care (July 11, 2014).

¹² Jennifer Brown, “DaVita, Doctors Group Probed for Possible Kickback,” The Denver Post, November 3, 2011, http://www.denverpost.com/ci_19252778 (July 8, 2014).

Although the federal government investigated for over two years, the United States Attorney's Office closed its investigation without filing any charges, without demanding any payments and without seeking any changes in company policies. In 2012, DaVita agreed to pay \$55 million to settle with a private plaintiff, maintaining that the charges were baseless and that settling was in the best interest of shareholders.¹¹ In another example, a Denver federal grand jury began investigating the relationship between DaVita and one of the city's largest kidney doctors' offices in 2011 to ascertain whether DaVita had essentially paid a kickback to guarantee a steady stream of patients.¹² DaVita denied the accusations, but acknowledged that it may pursue a settlement if it were in the best interest of shareholders.

The DaVita Way: Values And Organizational Culture

DaVita's culture, called The DaVita Way, signified "that we dedicate our Head, Heart, and Hands to pursue the Mission, live the Values, and build a healthy Village. It means we care for each other with the same intensity with which we care for our patients."

Upon introducing The DaVita Way in 1999, Thiry created a clear, concise, easy-to-remember mission that was quickly turned into a song and worked with 700 DaVita colleagues to identify core values. Communication and recognition were key parts of the DaVita Way and were central to sharing company news—there were bi-monthly conference calls with all of the facility administrators, more than 10 different newsletters, an intranet and e-mail system, and voicemails and e-mails to celebrate special events and company milestones. Employees became teammates, and, if they "crossed the bridge" of believing the company could be special, they became "citizens" of the "Village" with Thiry as "mayor."¹³ In Thiry's view, crossing the bridge meant that you came to work "intending not only to do a solid day's work, but also to strive to make DaVita a special place." For thousand of teammates the bridge represented a real commitment to the community. The company's commitment to being a community could also be seen in the large number of programs it sponsored for its teammates, patients, and community (Exhibit 4).

Through what were called "symbols and traditions," DaVita executives brought organizational change concepts to life—a tremendous amount of strategic thought and intentionality went into every single action and

decision to create the desired message and atmosphere. Evaluation data were collected about everything, including every meeting and class, and used to make educational activities and meetings more effective over time. Thiry believed that "a community produces most what it honors most"¹⁴ and that core values were not only about beliefs, but about behaviors. For this reason, while DaVita was clear and intense in rewarding business performance, it only honored those individuals that lived the core values.

Thiry often noted that "core values are not about beliefs, but about practice." Nearly everyone believed in the core values. However, it was the discipline of practicing them regularly and throughout the entire organization that made them come alive. For this reason, the DaVita Way of Managing was then created that defined a set of behaviors and competencies that the company sought to promote and infuse in the day-to-day activities of clinic managers to help them be successful and to create a special environment where The DaVita Way could come to life. An important component to the DaVita Way was a focus on education and training, emphasizing four elements: absolute clarity of focus, absolute accountability, relentless follow-up, and celebrating success. Through DaVita University, a wide variety of programs was offered around continuous quality improvement, leadership development and team skills, and numerous clinical subjects. New clinic managers attended F.A.S.T. (Facility Administrator Survival Training) to learn basic practical managerial skills while the DaVita Academy focused on personal development for front-line teammates, emphasizing what "community first, company second" looked like in practice. For example, although attendance at the Academy was voluntary, more than 38,000 teammates had attended, and data showed that retention rates and overall engagement levels were higher for those people. Teammates had opportunities to advance as well—many regional operating directors and vice presidents had been nurses and then nurse administrators and had worked their way up into administration. DaVita values and associated behaviors were also used in hiring new teammates, performance appraisals, and teammate engagement surveys.

¹³ Thiry presentation at the Stanford Graduate School of Business, Nov. 17, 2011.

¹⁴ Ibid.

¹⁵ Ibid.

Over time, other traditions were intentionally created to reinforce the mission, core values, and operating principles of the company. These were expressed in six phrases, short and easily remembered:

1. The Village: A Community First, A Company Second

Village language and imagery was used in many ways to emphasize community first. A story often repeated at DaVita was about a man living on a hillside who sees other members of his village below in danger from an onrushing flood, and sets his own house on fire, so that when the people rush up the hill to put out the fire, they are saved from the flood.

As previously mentioned, the word “worker” was never used—people were instead referred to as “teammates” or “citizens.” DaVita emphasized language that evoked the idea of “citizenship” and mutual obligation. “With citizenship comes certain rights, but also certain responsibilities that citizens must take seriously if the community is to thrive,” said Thiry.¹⁵ As citizens, teammates were encouraged to give back in ways that were outside of their expected contributions.

2. One for All, All for One

This idea, from the Three Musketeers books and movies, was a prominent theme in the company. The phrase represented the idea of community and shared obligations and responsibility. “One for all” meant that DaVita teammates cared for each other, contributed what they could to the whole, and expended their best efforts on behalf of the team, while taking responsibility for the company and each of its members. “All for one” meant that they were all there for the same purpose, the same mission, to build a healthy community and to do their best for their patients. The “one for all and all for one” idea was closely linked to DaVita’s philosophy of “community first, company second.” An example of how the DaVita community took care of one another was the DaVita Village Network fund to which teammates contributed to help others with, for example, unexpected medical expenses or other financial needs. Thiry often read stories from the DaVita Village Network at meetings, recounting how the company had been able to help someone through a particularly difficult time. The company matched teammate contributions.

3. New, Ours, Special

At DaVita meetings, executives always asked the assembled people to respond to three questions: “What is this company? Whose company is it?

What could it be?” The answers, literally shouted back, were “New,” “Ours,” and “Special.” The idea of “new” was not just that DaVita was a different organization after the 2000 turnaround, but with its ongoing acquisitions and new business ventures it was always a new place reinventing itself. “Ours” meant that the company was the responsibility of the teammates who worked for it—they had the opportunity to make the company what they wanted it to be. The last question was forward looking and the answer, “special,” captured the aspirations for building an organization that was truly unique in its culture and its results for patients. Using the word “could” (what could it be?) showed that the development of the organization was a journey—although it had achieved great things, its aspirations were for more, and that being special was something yet to be fully achieved.

4. We Said, We Did

Accountability was an important value at DaVita. Measurement—of clinical outcomes, costs, labor utilization, and almost everything that was related to dimensions of performance—allowed for evaluation and follow-up. At virtually every board meeting, Thiry presented a list of issues and questions from the preceding meeting, going through each to explain how the company had addressed it. Thiry would do the same at training sessions, ending with, “We said, we did.” The implication was that the company and each person in it was accountable for meeting commitments for addressing issues and explaining how continuous improvement was being achieved. If someone was in a position of often having to say, “We said, but we didn’t do,” that person would probably not last long as DaVita honored teammates that were “good at GSD” (getting stuff done).

5. No Brag, Just Fact

DaVita was committed to a fact-based approach to management and decision-making. When Thiry stated that DaVita provided the best care for dialysis patients in the industry—a statement that, on its surface, was not unlike the typical corporate claim about its quality, service, or leading edge technology—he provided quantitative data showing how DaVita was doing on specific clinical outcome measures, ending with the phrase, “No brag, just facts.” It was a way of cementing the idea that teammates should attempt to anchor their judgments, their statements, and their claims in quantitative data, not in hyperbole or wishes.

Fact-based decision-making was reinforced in the company’s measurement

system. Clinic managers received monthly, multi-page reports showing their results along key measures such as patient care outcomes, costs, and labor utilization. They received information showing how their performance compared to goals or budgets, and for some measures, how their results compared to their own prior results and to other facilities in their region, in their division, and in DaVita as a whole. When the company was unable to measure something of importance, that measure was included in monthly reports as a blank graph with the notation, “Not Available.” For example, patients not showing up for dialysis made scheduling difficult and affected labor productivity—a critical issue for facilities. This indicator could not always be captured systematically. The presentation of the missing measure, month after month, encouraged people to figure out ways to measure what might have first been dismissed as “unmeasurable,” ultimately improving the availability of useful data for making decisions.

Annual surveys of teammates provided information on satisfaction and engagement, as well as perceptions about the extent to which people felt the company was living up to its Mission and Values.

6. We Are Here

DaVita encouraged its teammates to be fully involved and present in the company, not just physically but also emotionally. There were “We Are Here Awards” which were \$1,000 in vacation expenses given to randomly selected non-exempt (hourly paid) teammates who had perfect attendance (no unplanned absences) during a 90-day period. These awards were presented over the phone by a DaVita executive with both the teammate and the teammate’s entire facility on the phone, reinforcing the value of team. At DaVita meetings, teams would be asked if they were here, and would respond with a cheer, a chant, or yell, or some combination that indicated not only physical presence but also involvement and commitment. The objective was to inspire people to find meaning and fulfillment in their jobs and associations with teammates.

The DaVita Way and Compensation

The DaVita Way was a cornerstone for how DaVita structured its compensation, which was “fairness over time.” DaVita offered a comprehensive benefits and pay package that was somewhat unusual for a company that had a reasonably large number of relatively low-paid, hourly teammates. Health and welfare benefits included a comprehensive

package of medical, dental, and vision benefits, extended illness leave, both short-term and long-term disability insurance, life insurance, and a flexible spending account to set aside pre-tax dollars for health or childcare expenses, and a teammate assistance program. With a focus on investing in teammates’ future, DaVita offered a 401(k) retirement program, a teammate stock purchase program, profit sharing, internal company training, and various forms of educational assistance including tuition reimbursement between \$5,000-\$15,000 based on the degree pursued. DaVita’s broad-based profit-sharing program, which was very unusual for the industry, covered virtually all team members—it was based on the idea of sharing the village’s good times and success with all of its citizens.

The Industry Landscape in 2012

Beginning in 1972, Medicare policy dictated that all privately insured patients transition to Medicare after three years from the time of starting dialysis. Although Medicare reimbursement limited the allowable charge per treatment, it provided a relatively predictable and recurring revenue stream for patients without commercial insurance. In 2011, 89 percent of all DaVita patients were covered under government-sponsored insurance programs, with approximately 80 percent under Medicare and Medicare-assigned plans.¹⁶ However, with Medicare reimbursement rates set by law, dialysis operators (including DaVita) maintained that reimbursement rates did not cover the full cost of treatment. Therefore, dialysis companies actively sought private-pay patients who were covered by private health insurance. Dialysis companies aimed to make sufficient profit from their higher-paying, privately insured patients during the time they obtained private insurance reimbursement rates to cover the ensuing years under Medicare, when reimbursement was insufficient to cover costs.

Medicare reimbursement was significantly impacted when President Barack Obama signed the Affordable Care Act (ACA) on March 23, 2010. The ACA put in place comprehensive health insurance reforms that were to be rolled out over the next four years. Medicare began moving away from fee-for-service payments to health care providers that encouraged volume of

¹⁶ “The Dialysis Industry,” DaVita Annual Report, 2011, p. 3, <http://www.sec.gov/Archives/edgar/data/927066/000119312512077942/d276082d10k.htm> (July 9, 2014).

services rather than quality care or efficiency. It introduced a new payment system for End State Renal Disease (ESRD) in January 2011 in which payment for dialysis and related services was a fixed bundled rate covering all goods and services provided during dialysis treatment. The bundled rate included pharmaceuticals and laboratory testing which historically had been reimbursed separately. Medicare was implementing similar payment and related changes across the healthcare spectrum designed to reward medical providers for keeping patients healthy and curbing excess spending.

In January 2012, the Medicare Shared Savings Program took effect, offering financial incentives to health care providers and suppliers that partnered to provide coordinated, high-quality care to Medicare patients through accountable care organizations (ACOs). If ACOs were successful in managing their pool of patients, Medicare allowed them to share in the savings, boosting their profits. According to Glenn Melnick, a Rand Corporation health economist and a University of Southern California health-policy professor, Medicare was “searching desperately for ways to make the [health care] delivery system more cost effective.”¹⁷ Continually rising healthcare costs hit \$2.6 trillion in 2012. The changes to Medicare appeared to spark a wave of consolidation led by the nation’s largest health insurance companies. Both UnitedHealth Group Inc. and WellPoint Inc. had been acquiring medical groups and clinics to diversify their businesses and enhance their market power.

The ACA move to bundled rates for Medicare reimbursement reverberated across the entire health care industry. Moving away from the fragmented approach in which individual doctors and hospitals received fees for each service provided, the industry was moving toward integrated providers that could coordinate all of the medical needs of a patient, and be paid in ways that rewarded quality and efficiency.¹⁸

The ACA called for establishing health insurance exchanges, creating a marketplace for eligible individuals to purchase health insurance. Open enrollment was set to begin on October 1, 2013, with the exchanges fully operational by 2014. While the rollout and impact of the exchanges remained to be seen, many health care providers and organizations anticipated a shift to more restrictive plans and reduced reimbursement rates.

HealthCare Partners

HealthCare Partners (HCP) was founded in 1992 by the merger of several groups of physicians in the Los Angeles, California, area. Over the years, it grew, expanding into Nevada and Florida, until it had become one of the largest medical groups in the United States

HCP owned and operated medical facilities, employing staff physicians and other professionals, and also operated independent physician associations (IPAs). In 2010, it had operated 152 facilities, employing 395 primary care physicians (PCPs) and 320 specialists. Its IPAs operated from 856 offices, with 1,190 PCPs and 6,180 contracted specialists. These professionals served 685,000 patients, about 75 percent of whom were privately insured, with the balance being seniors covered under Medicare.¹⁹ In 2011, HCP had revenues of about \$2.4 billion, with an operating income of \$488 million.²⁰

One of the primary areas of focus for HCP was integrating patient care. While most health care delivery in the U.S. was highly fragmented, HCP offered integrated care. As Robert Margolis, MD, the company’s chairman and CEO stated, HCP had “developed models of delivering coordinated care, with a primary care physician at the center, for superior medical outcomes at lower costs.”²¹

HCP’s published values (see Exhibit 5), emphasizing issues such as accountability, teamwork, dignity, compassionate healing, excellence, stewardship, and integrity, were highly consistent with those of DaVita. HCP had a healthy, strong, caring culture, focused on patients; its culture

¹⁷ “HealthCare Partners To Be Bought By DaVita in \$4.42 Billion Deal,” Los Angeles Times, May 22, 2012, <http://articles.latimes.com/2012/may/22/business/la-fi-davita-healthcare-partners-20120522> (July 2, 2014).

¹⁸ Anna Wilde Mathews and Anjali Athavaley, “Dialysis Firm Bets on Branching Out,” The Wall Street Journal, May 21, 2012, <http://online.wsj.com/news/articles/SB10001424052702304019404577418083585806556> (July 9, 2014).

¹⁹ HealthCare Partners (HCP) 2010 Report, p. 8. http://www.healthcarepartners.com/uploads/EditorDocs/HealthCarePartners_2010CommunityReport.pdf (accessed July 7, 2014).

²⁰ DaVita Press Release, “DaVita and HealthCare Partners Announce Merger Agreement,” May 21, 2012.

²¹ HCP 2010 Report, op. cit., p. 15.

was “physician led, patient-centric, and clinically driven.”

In building a company of clinics and physician networks, Margolis created an umbrella organization—he referred to it as a “holding company.” There was a set of common values, and consistency in patient care systems. For instance, HCP had systems for integrated outpatient care and population management—when a patient went to a clinic, the doctor could immediately know what had and had not been done for the patient across the entire system. HCP had centralized human resources and financial systems for each state in which it operated.

However, within the overall framework of common values and systems, each clinic or physician network was largely independent, run by the physicians at that clinic, or within that network. Acquired clinics and networks often kept their own company names, adding a tagline referencing their affiliation to HCP. Physicians and employees had great pride in the strong HCP patient centric culture, but there was not a sense of community, or village, in the way that this was seen at DaVita.

The Merger

By 2012, DaVita had begun to branch out into related businesses, including pharmaceuticals for kidney patients and clinics for vascular disease. It expanded its objective from being the “Greatest Dialysis Company” to being the “Greatest Healthcare Company the World Has Ever Seen.” The health care industry was moving to an integrated model, and adding a physician services company with proven success helped DaVita move in that direction—it would serve the patient’s entire needs, not just provide kidney care.

At the same time, Margolis believed that HCP needed to make a move, given the rapid evolution of health care in the United States. It could not stay stagnant, nor could it grow fast enough on its own—it was the right time for a merger, but he wanted the right partner. HCP was an attractive acquisition candidate for many health care companies, as well as for private equity firms. However, Margolis had had a long relationship with Thiry, and believed in Thiry and the DaVita Village.

On May 21, 2012, DaVita and HCP announced that the two companies

would merge, with DaVita paying about \$4.4 billion (\$3.4 after incorporating hard tax benefits). When announcing the merger, Thiry noted that both companies provided the integrated care that would be essential to success in the evolving healthcare industry:

DaVita currently executes on its integrated care mission with thousands of physician partners across the country for specialized kidney care services. HealthCare Partners executes on that same mission across a full and deep array of health care services in three geographic markets. This combination will create a unique patient- and physician-focused organization.²²

Thiry also explained that this was critical to DaVita’s future dialysis business, “We think that by combining with HealthCare Partners, the data becomes ever more compelling that all of America’s dialysis patients need to be taken care of on an integrated, bundled basis, not with the fragmented fee-for-service that still exists.”²³

After the merger was finalized, HCP would operate as a separate subsidiary of the renamed DaVita HealthCare Partners. Margolis would join the board of directors, and become co-chair of the merged company, together with Thiry.

Looking Forward

DaVita had made huge progress since 2000. It had built a company that delivered outstanding clinical and financial results. The company’s culture was an essential part of this success—it made DaVita clinics attractive to prospective patients, enhanced teammate morale in a difficult work environment, and focused on delivering differentiated results.

The merger with HCP signified an important change for DaVita. The combined company would now include a substantial number of clinics and other facilities led by physicians, offering a wide range of medical services. While the unique DaVita culture was central to the strategy and

²² DaVita Press Release, May 21, 2010, loc. cit.

²³ Jaimy Lee, “DaVita’s Deal with a Large Physician-Management Group Shows the Lines are no Longer Clear in Healthcare,” *Modern Healthcare*, May 26, 2012, <http://www.modernhealthcare.com/article/20120526/MAGAZINE/305269878> (July 9, 2014).

EXHIBIT 1

DaVita's Mission Statement and Core Values



EXHIBIT 2

DaVita Clinical and Financial Outcomes 2000-2012

Clinical performance over time													
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Mortality		19%	18%	18.00%	17.70%	18.50%	17.90%	17.00%	16.50%	16.1%	15.4%	15.3%	13.9%
Fistula rate			32.4%	34.6%	37.7%	42.7%	42.7%	49.3%	52.9%	56.2%	59.2%	61.9%	63.9%
CVC rate								24%	23%	20%	18%	15%	14%
Adequacy	10%	9.0%	8.3%	7.6%	6.1%	7.4%	7.1%	6.4%	5.6%	5.1%	4.0%	2.8%	2.1%
DQI								54.5	59.4	64.3	73.1	78.4	79.4

Financial performance over time													
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Revenue (\$M)	\$1,446.7	\$1,653.0	\$1,827.8	\$1,885.3	\$2,138.5	\$2,912.0	\$4,754.5	\$5,127.5	\$5,513.9	\$5,939.3	\$5,879.4	\$6,277.0	\$7,531.8
EBITDA (\$M)	\$290.9	\$423.2	\$456.0	\$441.3	\$480.0	\$607.2	\$910.6	\$1,045.9	\$1,085.2	\$1,166.2	\$1,216.4	\$1,431.9	\$1,739.3
Operating margin	20.1%	25.6%	24.9%	23.4%	22.4%	20.9%	19.2%	20.4%	19.7%	19.6%	20.7%	22.8%	23.1%
Net income (\$M)	\$22.92	\$144.45	\$164.84	\$171.14	\$216.76	\$229.51	\$325.16	\$428.64	\$421.32	\$479.37	\$482.36	\$591.31	\$641.46
EPS	\$0.09	\$0.58	\$0.90	\$0.87	\$1.09	\$1.12	\$1.55	\$2.00	\$2.03	\$2.32	\$2.51	\$3.16	\$3.04
Levered free cash flow (\$M)	293.9	178.7	198.4	122.9	175.3	110.3	220.6	202.7	176.7	259.6	415.7	577.5	787.3
Avg stock price at year end	\$5.28	\$7.69	\$6.92	\$15.17	\$22.05	\$29.08	\$27.25	\$24.82	\$23.46	\$30.75	\$39.29	\$43.4	\$60.02
Shares outstanding (M)	248.2	247.1	182.5	196.3	198.0	204.6	209.8	214.8	207.8	206.4	192.0	187.4	211.0

Growth over time													
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Dialysis centers		493	515	566	658	1,233	1,300	1,359	1,426	1,530	1,612	1,809	1,954
Patients		43,000	45,000	48,500	54,000	96,000	103,000	107,000	112,000	118,000	125,000	142,000	153,000
Teamates				13,000	14,000	28,000	29,000	31,000	32,000	34,000	36,500	41,000	53,000

Source: Company documents.

EXHIBIT 3**DaVita Stock Price Change 2000-2012**

Increase in DaVita stock price from January 1, 2000, to December 31, 2012, adjusted for splits, compared with Fresenius Medical Care (FMS), DaVita's primary competitor, and the S&P 500 Index.

Source: Compiled by author using data from Yahoo! Finance.



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EXHIBIT 4

DaVita Village Programs

"A community produces most what it honors most" Kent Thiry

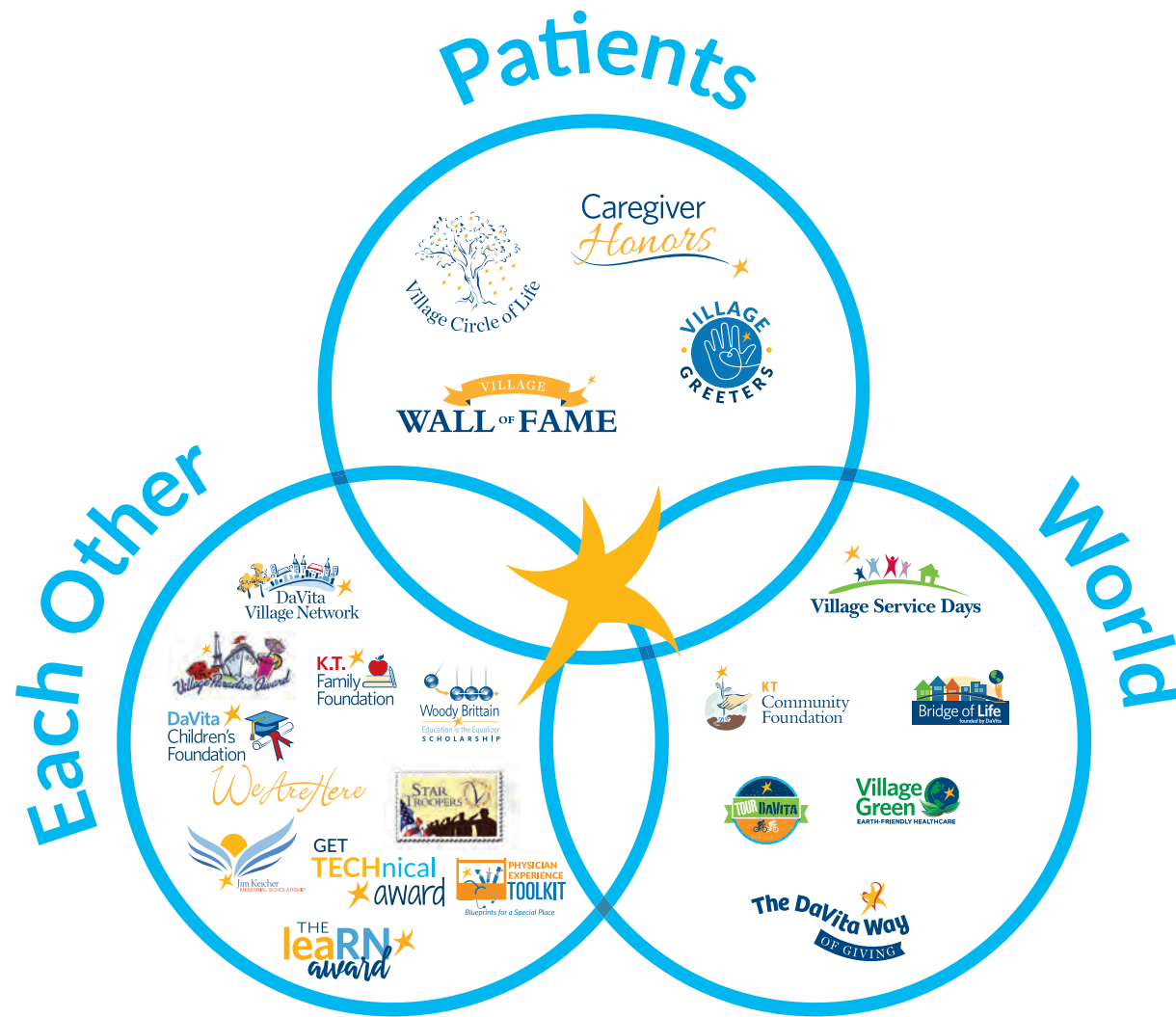


EXHIBIT 5

HCP Values

In 2010, HCP's corporate values were: Accountability: We have input into the decision-making process and are therefore responsible for our results.

Collaborative Teamwork: We strive to work cooperatively with people to achieve our common goals and our vision.

The Common Good: We will enhance the common good by committing resources to build an organization that meets the needs of the people and communities we serve.

Compassionate Healing: We will be patient-centered and serve our patients as we would guests in our own home.

Dignity: We respect the inherent value and worth of every life we touch.

Excellence: We will always strive for the highest quality outcomes and service to our patients and customers.

Leadership: The way we conduct business and serve our customers will be the standard by which other health care systems are judged. All of our staff will ensure that quality patient care is at the heart of all our business decisions.

Physician Leadership: Physicians will maintain leadership roles in our organization.

Stewardship: We all share responsibility for the organization's resources.

Integrity: We conduct ourselves with the highest ethics and in compliance with applicable laws and regulations.

Learning: We continually improve our systems, our service, and ourselves through learning.

Source: HCP 2010 Report, op. cit., p. 12.

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This image shows a single page of white paper with horizontal blue lines. The lines are evenly spaced and run across the width of the page, typical of notebook or lined paper. There are no margins, text, or other markings on the page.

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Our Mission

To be the Provider, Partner
and Employer of Choice

Our Core Values

Service Excellence

Integrity

Team

Continuous Improvement

Accountability

Fulfillment

Fun

The DaVita Way

The DaVita Way means that we dedicate our
Head, Heart and Hands to pursue the Mission,
live the Values, and build a healthy Village.

It means we care for each other with the same
intensity with which we care for our patients.

WE CARE

Welcome

Empathize

Connect

Actively listen

Respect

Encourage